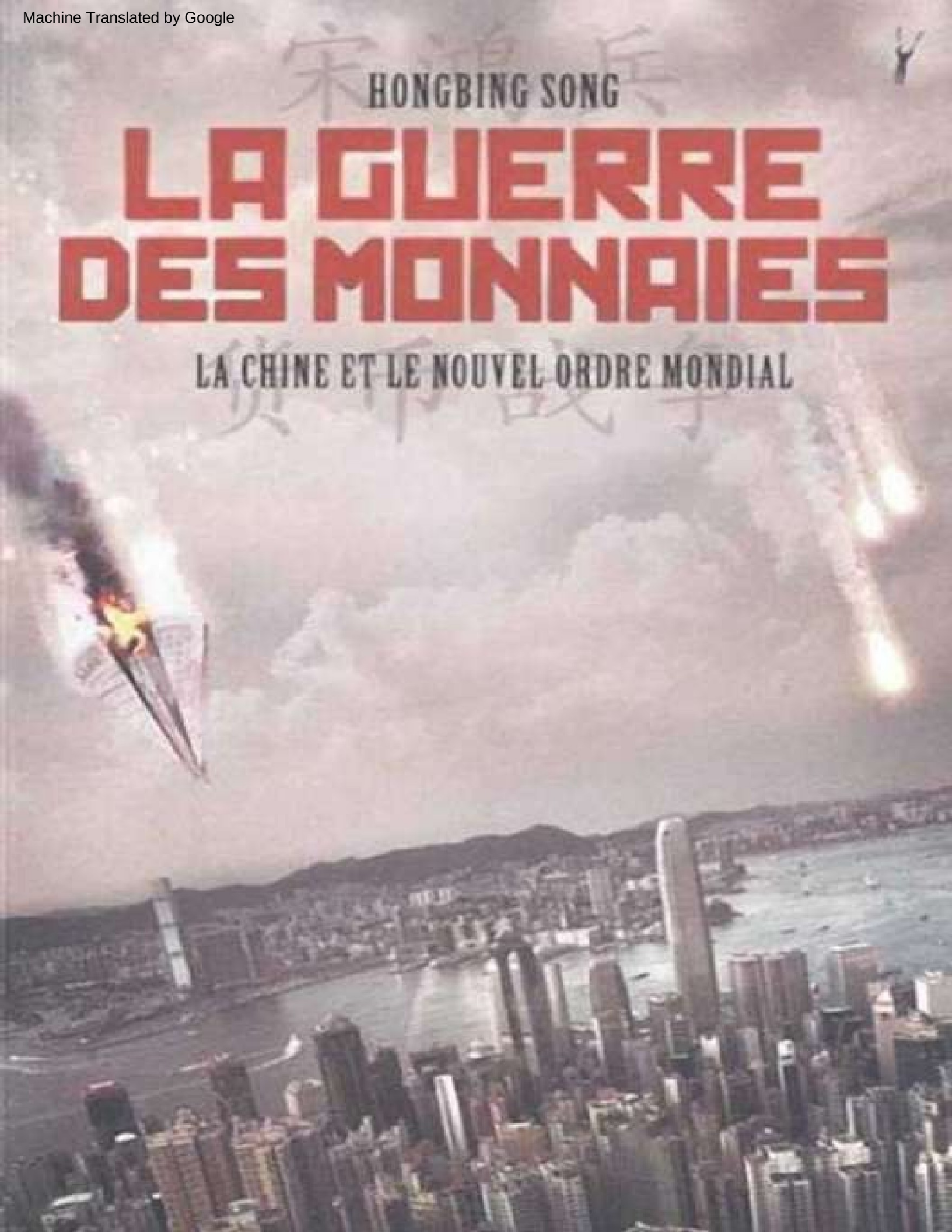
Machine Translated by Google

HONGBING SONG

LA GUERRE DES MONNAIES

LA CHINE ET LE NOUVEL ORDRE MONDIAL



Machine Translated by Google

Hongbing Song

THE CURRENCY WAR

China and the New World Order

Preface and adaptation by Jean-François Goulon

Translated from Chinese by Haibing Liu & Lucien Cerise

RETURNING TO OUR SOURCES

Machine Translated by Google

Original Edition: Currency Wars ©
Hongbing Song, 2007

French edition
The Currency War:
China and the New World Order

© Editions Le Retour aux Sources, 2013
SARL Scribedit
The Fendery
61270 Aube

ISBN: 978-2-35512-054-1
Legal deposit: December 2013

www.scriptoblog.com

Machine Translated by Google

“Give me control of a nation’s currency and I won’t have to worry about who makes its laws.”

Mayer Amschel Rothschild.

"I believe that banking institutions are more dangerous to our freedoms than entire active armies."

Thomas Jefferson.

"The bank is trying to kill me, but I'll kill it."

Andrew Jackson.

"I have two great enemies: the Southern army positioned in front of me and high finance at my back. Of the two, it is the second that is the more dangerous..."

Abraham Lincoln.

"By constant processes of inflation, governments can secretly and unnoticedly confiscate a considerable portion of the wealth of their citizens. By this method, they do not merely confiscate: they confiscate arbitrarily, and while the system impoverishes many, it actually enriches a few."

John Maynard Keynes.

"In the absence of a gold standard, there is no way to protect savings from confiscation by inflation. There is no reliable store of value."

Alan Greenspan.

"Just like freedom, gold has no place where it is undervalued."

Lot Myrick Morrill.

Machine Translated by Google

PREFACE

The currency war, the gold war and, in general, the financial war that the great powers are waging against each other is a very real reality .
ancient. Its origins can be traced back to the beginnings of globalization… when the Egyptian drachma experienced hyperinflation in the 4th century .

Egypt, subject to the Roman Empire, had decided not to back its currency with gold or silver. Rome, at the same time, gradually abandoned the gold and silver standard, reducing the precious metal content of its own currency... until it was worthless! The Roman Empire, which had conquered virtually all known lands, eventually collapsed.(1)

—

In a more recent period, coinciding with industrialization in North America and Europe, the currency war took place in the context of a bitter struggle between several empires, first in Europe, then in the New World, on the other side of the Atlantic, where the old European powers threw immense forces into the battle.

Enlightenment France defended its vision of a "new order" based on its idea of democracy, and England, which had become master of the oceans at the end of the 16th century , succeeding the Republic of Venice, saw this as an opportunity to extend its Empire "on which the sun never sets." The Germans, for their part, rented an army of mercenaries from the British Crown...

Author Hongbing Song begins his story with the formation of a new dynasty of commoners, which, thanks to a carefully crafted plan, will become the new trans-European aristocracy before finding itself at the heart of the global financial oligarchy, commonly known as "the international bankers." This new dynasty, operating in the shadow of the great European powers whose strings it pulled, is the Rothschild clan.

This story, then completely unknown in China before the publication of *Currency Wars,* is on the contrary quite well documented in the West. Indeed, after having managed to seduce the extremely rich and powerful Prince of Hesse-Kassel, of whom he would become the official stockbroker, Mayer Amschel Rothschild (alias Bauer) would spread his tentacles – his five sons – throughout Europe and quickly establish his banking house in the main financial centers of the continent, in London, Paris, Vienna, Naples and Frankfurt.

These five tentacles are represented on the Rothschild coat of arms by the five arrows that escape from the Eagle's talons, a perfect image of sovereignty, which symbolizes conquest and the instinct for power.

One might think that it was in Europe that the Rothschild dynasty would build itself, step by step, against the backdrop of the Napoleonic Wars, and thus accumulate a gigantic fortune. But this would be to quickly forget that the patriarch, Mayer Amschel, established the foundations of his edifice on the War of Independence in North America, by renting 30,000 German mercenaries to the British Crown (who would not succeed in keeping America within the British Empire).

In his story, Hongbing Song demonstrates in detail how this nascent oligarchy advances on several fronts on both sides of the Atlantic, behind closed doors, deploying its secret agents everywhere. The first masterstroke is delivered by Nathan, the patriarch's son, in London, by brilliantly taking control of the Bank of England. Nathan had just invented financial warfare, where the weapons are asymmetry of information, manipulation, and intimidation. His brothers are not far behind: James will conquer France and Solomon Austria. With Europe now in their hands, the next generation will have a lot to do across the Atlantic to impose its domination.

After the two failed attempts to create a private central bank in the United States, the author takes us into the secret history of the creation of the Federal Reserve in 1913, then into that of the great catastrophes of the 20th century, the Great Depression and the two world wars. If conquests throughout history have always been carried out in appalling massacres, the financial conquest of the modern world has not only not deviated from the rule, but has perfected it over the course of the most diabolical plans elaborated by these new conquistadors.

Step by step, Hongbing Song immerses us in contemporary history, the Gold War, the Vietnam War, and then the end of the gold standard, which ultimately imposed the dollar as the world's sole reserve currency. The inexorable march of international finance, following a London/Wall Street axis, ultimately plunged the world into the greatest financial chaos in history: the 2008 crisis.

The author, who was then a high-level consultant to Fannie Mae and Freddie Mac, at the heart of the *subprime* mortgage turmoil , had a front-row seat to observe the boundless greed of the financial world. While he already understood the systemic risk facing the entire planet at the time, his research revealed that another, far more dangerous and terrifying war was being waged behind the scenes: the currency war.

Namely, maintaining the supremacy of the US dollar (and, in doing so, the hegemony of the United States) at all costs by flooding the world with greenbacks. Imposing austerity everywhere while at home, indiscipline prevails. After hijacking the European project and ruining many economies, with the help of Goldman Sachs agents infiltrated in the highest positions of power, their new target is now China, whose ambitions are now at the heart of American concerns.

Hongbing Song initially wanted to alert the Chinese authorities to the immense danger looming on the horizon, threatening to undo all of modern China's efforts to offer its approximately one and a half billion inhabitants a standard of living comparable to that of Westerners. Published in May 2007, his book, *Currency Wars,* quickly became a huge success in the Middle Kingdom, where it became an absolute *bestseller* .

Machine Translated by Google

It has fueled and continues to fuel the conversations of millions of Chinese people... even in the highest ranks of power, within the Central Committee of the Communist Party. Wang Qishan, then Vice Premier of the State Council, in charge of economic affairs, is even said to have ordered his colleagues to read it...

The impact of *Currency Wars* was such that former Fed Chairman Paul Volcker, quoted several times in this book, had to explain on a Chinese television channel the private nature of the Federal Reserve. He responded that even if this was indeed the case, Chinese viewers should not draw any conclusions from it…

The fact that a former president of the American central bank is led to communicate on the true nature of "his Fed" brings, if it It was necessary, further proof that *Currency Wars* contains some rather explosive revelations!

The *Currency Wars* is, above all, an impressive collection of essential references. Throughout the chapters, Song Hongbing introduces us to many essential authors, little known in France or never translated into French. He masterfully summarizes the essential passages from their works that support this theory of a conspiracy by international bankers.

The reader will discover not only the writings of Frederic Morton, Des Griffin, Ron Chernow, William Engdhal, and many others, but also the essential work of Ferdinand Lips, co-founder of the Rothschild Bank in Zurich, *The War for Gold.* Of course, Eustace Mullins and *Secrets of the Federal Reserve System* play an important role.

But Hongbing Song does not just reiterate the broad outlines of these crucial authors; he also deciphers the writings of Henry Kissinger and George Soros, two key players in major crises, the outbreak of the Vietnam War for one and the monetary speculation that swept through East Asia in 1997 for the other.

The book ends in the form of a recommendation addressed to the Chinese authorities and outlines the main lines that China should follow. to adopt to establish its national currency, the renminbi, as the future world reserve currency.

It seems that six years after the publication of this first part of the *Currency War,* Hongbing Song has been heard, since China has continued to accumulate gold reserves – it is now ranked fifth in the world, behind France and ahead of Switzerland, with 1054 tonnes of gold (official figure unchanged since 2008) – in reality, China could hold 4 to 8 times more according to estimates.

Some even go so far as to claim that China's gold reserves are greater than those of the United States... In March 2013, China announced itself ready to retaliate in the event of a “currency war”!

Machine Translated by Google

FOREWORD

"Now that the aircraft carrier of the Chinese economy has hoisted its sails, will the wind be in its favor?"
Zhao Yukun, Chinese economist, five years after China joined the WTO and fully opened its finances to foreign capital.

In 2006, Henry Paulson, the US Treasury Secretary, on the eve of a visit to China, told the cable television channel CNBC, regarding global impatience with economic and monetary reforms in China: " *They are already the leaders of the world economy, and the rest of the world is not going to give them much more time ."(2)*

Clearly, today's China, advancing at a breakneck pace, is increasingly influential in the global economy, and the Western world is desperate to impose its rules on it. But a series of economic data and indicators show that the "aircraft carrier of the Chinese economy" has already set its course...

Three years earlier, the Politburo invited researchers to Beijing to teach them the history of the development of great powers. The goal was to anticipate China's rise by training specialists in this new situation. This type of initiative is indicative of China's great self-confidence and the speed of its economic development, which even surpasses the filming speed of the CCTV program, *The Rise of Great Nations !*

The whole world is watching China, and everywhere we hear the chorus: "The 21st century is China's century"; "By 2040, China's economic power will surpass that of the United States." So, will China inevitably become the world's leading power?
As Chinese economist Zaho Yukun puts it, will the wind remain favorable to the Chinese economy now that it has set all its sails?

Will China be able to maintain its cruising speed over the next fifty years, a highly critical period?
Will it continue its flight with the same resolve? What factors, still impossible to assess, could influence its course, its navigation line and its velocity?

According to conventional analyses, the most dangerous journey in the coming decades for China's giant aircraft carrier will be the crossing of the Taiwan Strait and its ability to seize territorial waters in East Asia. However, the author theorizes that if China is capable of becoming the world's leading economic power by the mid-21st century , the main risk will more likely come from a smoke-free war—a "financial war."

This threat is looming as China's five-year deadline to join the WTO and liberalize its financial sector to foreign investment approaches. Now open to international investment, is China's financial sector strong enough to withstand attacks? Does it have the practical experience to guard against a range of derivative financial instruments, such as "stand-off precision strikes"?

Naval warfare can serve as an example: in 1996, a Chinese submarine managed to repel the giant American aircraft carrier USS Nimitz in the Taiwan Strait; and in late October 2006, another Chinese Song-class submarine surfaced within torpedo range of the USS Kitty Hawk, after approaching it stealthily and undetected by any of the maneuvering escort vessels.

In a specific theater of operations where Chinese military power is temporarily unable to compete with that of the United States, China has developed specific tactics to curb North American audacity. Symmetrically, some countries that believe China's accelerated development is detrimental to their interests could attack the Chinese economic aircraft carrier that has already set sail, using the "nuclear submarine" of financial warfare, forcing it to change course and route.

That China will become a powerful country on the global stage by the mid-21st century is predictable, and everyone agrees on this, but this does not take into account certain obstacles and possible damage caused by significant imponderables, such as financial warfare. The Chinese financial sector is already open to foreign investment. If I were to dare to make a dubious analogy, I would say that the risks are perhaps even greater than allowing the entire North American airborne force to arrive within a stone's throw of Chinese territorial waters.

For even though military attacks generally aim to destroy infrastructure and facilities, and they do kill human beings, given the vast expanse of China's territory, a conventional war would have great difficulty causing major damage to vital sectors of the economy. On the other hand, once the country's economic order is attacked by financial warfare, civil unrest would immediately arise, and foreign aggression would inevitably lead to civil war.

History is as grim as reality can be: the disintegration of the Soviet Union, the devaluation of the ruble; the Asian financial crisis, the "four little tigers" in Asia that surrendered; a Japanese economy that still cannot recover from its defeat... Today, let us ask ourselves this question: were all these events truly a matter of chance or a fortuitous coincidence?

If not, then what's behind all this? Who could be the next target? In recent months, former (secret) agents of European energy magnates and bankers have been killed one after another! Could this be linked to the collapse of the USSR? Was the most decisive factor in the disintegration of the Soviet Union political reforms or financial attacks?

All these worrying questions can also be asked of China, in its ability to defend its financial system and the future of its economic development. Even if we put aside the exchange rate of the renminbi(3) (RMB) and the trillions of reserves of

Machine Translated by Google

change(4) if we take into account the political games of *speculative capital* which escape the financial order, both at the national level and between countries, the situation in China can only find itself at the center of all attention.

The patience and benevolence of Chinese civilization, as well as the concept of "peaceful development" expressed by the Chinese in repeatedly, will they be able to resist the continuous, subversive and aggressive financial invasion of the “new Roman Empire"?

[In December 2006,] Henry Paulson traveled to China for a "strategic economic dialogue." He was accompanied by Ben Bernanke. The US Treasury Secretary and the Chairman of the Federal Reserve landed together in Beijing. What was the significance of this exceptional trip?

Aside from the RMB exchange rate, what other "competition" was going on that the rest of the world wasn't aware of? In his CNBC interview, Paulson emphasized that the two-day dialogue would focus on the long-term challenges posed by China's rapidly growing economy. But do these so-called "long-term challenges" include a possible "financial war"?

The aim of this book is to shed light on the major financial affairs since the 18th century and to expose those who pull the strings behind the scenes. To reconstruct history, observe, compare, and assess the strategic objectives pursued by these individuals and analyze their *modus operandi.* Then, once history has been reconstructed, make predictions about the main direction their future attack against China will take and explore possible countermeasures.

Although no smoke can yet be seen rising on the horizon, the war has already begun!

Machine Translated by Google

1
THE ELUSIVE WORLD 'S 1ST FORTUNE

*“Give me control of a nation’s currency and I won’t have to worry about who makes its laws. ”**(5)***

Mayer Amschel Rothschild.

If you believe the mainstream media when they speculate daily about Bill Gates's $73.7 billion fortune(6), and make him the richest man on Earth, then you are misinformed. On the usual list of the world's richest people, there is one, immense and invisible, that you will have difficulty discerning because it tightly controls the Western mainstream media.

Today, the Rothschilds manage a multitude of banking businesses, but if we randomly ask a hundred Chinese people on the streets of
Ninety-nine people from Beijing or Shanghai will tell you they know the American Citibank and only one knows the Rothschild Bank.

This is strange, but not surprising. The name Rothschild is unknown to the Chinese because the financial empire it represents knows how to remain discreet, thus cultivating its ability to infiltrate power. In fact, its past, present, and future influence on the Chinese people, as well as on the world, is considerable. But who exactly are the Rothschilds? Anyone who works in the financial industry is bound to know this name.

It is as important to the banking world as Napoleon's was to military history or Einstein's to physics. But how much is the Rothschild fortune worth? We are entering a very secretive world here... However, a conservative estimate of $50 trillion can be put forward.

According to Frederic Morton(7), the Rothschilds' wealth was estimated in 1850 at over 6 billion **US dollars(8).** In 2006 dollars, based on various reasonable projections of return on investment, say conservatively between 4 and 8% over a period of 156 years and assuming no erosion of the wealth base, the net worth of the Rothschild family business would range from 2,725 billion dollars (*4 %)* to 982,329 billion dollars (8%). 53,194 billion corresponds to an average annual increase of *6 %.* This is the figure we will retain. But the question that burns our lips is: how did the Rothschilds amass such a considerable fortune? This is the story that this chapter will tell you.

Tight family control, opaque operations, coordination as precise as clockwork, access to information faster than the market, an aptitude for cold and calculating reasoning serving a limitless plutocratic ambition, all based on a brilliant foresight of monetary matters, allowed the Rothschilds to build the largest banking empire in the history of humanity, making them invincible after two hundred years of political, financial and military maelstrom.

Napoleon and Waterloo. Rothschild and the Arc de Triomphe

Nathan (1777-1836) was the third son of Mayer Amschel Rothschild, the most stubborn of the Frankfurt banker's five sons. In 1798, his father sent him to England to establish a bank there (NM Rothschild). Nathan was a resolute and highly perceptive banker, whose personality no one could quite grasp. Capable of making unpredictable and disconcerting decisions, he was endowed with incredible financial talent that enabled him to rise, by 1815, to the head of the London banking oligarchy.

Amschel (1773-1855), Nathan's older brother, remained in Frankfurt to take care of the family banking stronghold in Germany (MA
Rothschild & Söhne). His younger son, Salomon (1774-1855), founded another branch of the bank in Vienna (SM Von Rothschild). The fourth son, Kalmann, "Carl", (1788-1855), was responsible for opening the Naples branch. And the youngest, James (1792-1868), the Paris branch (MM. de Rothschild Frères). Thus, the Rothschild family created the first international banking group.

In 1815, the five brothers closely followed the developments of the Napoleonic Wars in Europe. It was an important period that would decide the fate of the continent. If Napoleon achieved the final victory, the French would undoubtedly become the masters of Europe. But if the Duke of Wellington succeeded in defeating the French army, it was the United Kingdom that would hold the balance of power among the great European powers.

Even before the war, the visionary Rothschild family had established its own intelligence gathering system. Pioneers of economic intelligence, the Rothschilds set up a vast industrial espionage network, composed of a multitude of secret agents.
The latter, called "the children", collected strategic information.

Stationed in European capitals, major cities, important commercial centers and business districts, present in a
A wide variety of activities, both commercial and political, they commuted between London, Paris, Frankfurt, Vienna and Naples.

The efficiency of this private intelligence service far surpassed all competing networks, whether official or not, both in its speed of action and its precision. This organization enabled the Rothschild bank to gain a decisive advantage in almost all competitive sectors of international finance.(9)

*The Rothschilds were everywhere: their cars roamed the roads, their boats sailed on the canals, the shadows of their agents moved silently through the streets of the capitals. Besides suitcases of banknotes, messages, and confidential letters, they were primarily responsible for gathering exclusive information on the latest movements in the commodities market and the stock market. But no information was more valuable than the outcome of the Battle of Waterloo. **(10)***

Machine Translated by Google

The confrontation between France and England began on June 18, 1815, on the outskirts of Brussels. It was not only a duel between the armies of Napoleon and Wellington, but also a huge gamble between thousands of investors, with potentially immense gains and colossal losses. The atmosphere on the London Stock Exchange was extremely tense. Everyone eagerly awaited the final results of the battle.

The stakes are this: if England is defeated, the price of British Treasury bonds(11) will collapse, but if she wins, it will reach new heights. While the two armies are engaged in a life-and-death struggle, the Rothschild spies nervously gather details from them on the progress of the fighting. Other spies are tasked with reporting the situation back to Rothschild's command post, positioned closest to the action.

Napoleon's defeat was finally announced on June 19. Rothworth, one of the Rothschilds' couriers, witnessed the fighting and immediately set off on horseback for Brussels, from where he was transferred to the port of Ostend. It was already late when Rothworth boarded a Rothschild clipper ship with a safe conduct.

The Channel was particularly rough that evening, but a sailor agreed to take him across the strait in the middle of the night for 2,000 francs.
When Rothworth landed at dawn on the English shores of Folkestone on June 20, 1815, Nathan Rothschild was waiting for him himself. He opened the envelope, read the top-secret report, and then headed straight to the London Stock Exchange.(12)

When Nathan entered the trading room, the anxious and excited crowd awaiting the battle report fell silent, and all eyes turned toward him. But his face remained impassive, and no one could decipher the slightest clue. Nathan returned to his usual position near what would later be called the "Rothschild Column." His marble face betrayed no emotion. The hubbub that usually reigned in this place had dissipated.

The fate of everyone lay in the expression of Nathan's eyes. After a moment, he discreetly sent a pointed wink to his *traders,* who wordlessly rushed to their stations and began selling the *consoles.* A few people exchanged words in hushed tones, but the audience as a whole remained perplexed. Suddenly, a commotion began to shake the trading floor, and hundreds of thousands of pounds' worth of *consoles* were thrown onto the market. Their price began to fall. Then, like a crashing wave, it collapsed.

Nathan, imperturbable, was still leaning against his column. Finally, someone in the trading room exclaimed: "Rothschild knows!"
Rothschild knows! Wellington has lost! An electric shock went through the stock market and sales turned into panic. The sudden loss of reason among speculators transformed them into Panurge's sheep. Everyone wanted to get rid of British bonds, which had already lost a large part of their value. After several hours of panic selling, the *consols* were now relegated to the rank of junk securities, retaining only 5% of their nominal value.(13)

From the beginning, Nathan had been watching the scene with indifference. His eyes blinked again, but this time to send a completely different message to those trained in this encrypted mode of communication. The *traders* surrounding him returned to their stations and began buying all the bonds available on the market.

At 11 p.m. on June 21, Wellington's envoy, Henry Percy, arrived in London, bringing the news that after eight hours of fierce fighting, Napoleon's army had been defeated, with the loss of a third of the French soldiers. This information arrived more than a day late on Nathan's courier. And in that single day, Nathan had multiplied his wealth twentyfold, exceeding everything Wellington and Napoleon had gained together in the last decades of war.(14)

These facts were reported by Ignatius Balla, a Hungarian journalist and writer, in *The Romance of the Rothschilds* (1913). The *New York Times* of April 1 , 1915, reported that Baron Nathan Mayer Rothschild, in 1914, had gone to court to try to ban this book on the grounds that the passage about his grandfather's involvement in Waterloo was false and slanderous. The court upheld the story, dismissed Rothschild's claim, and ordered him to pay costs.

Thanks to the Battle of Waterloo, Nathan became the British government's largest creditor. He now ruled over the UK's future bond issues, as he himself headed the Bank of England. British bonds formed the government's future tax base, and contributions to all kinds of taxes became a disguised form of taxation for the benefit of the Rothschild bank.

The British government's budget expenditure was increased by issuing bonds; that is, the government could not issue currency and had to borrow from private banks, all at an interest rate fixed at 8 %, with principal and interest paid in gold.

When Nathan acquired a number of bonds, he was, in effect, manipulating their price. He was also manipulating the entire money supply of the United Kingdom, and the country's economic lifeline was placed in his hands. Nathan, complacent, made no secret of his pride in his conquest of the British Empire:

I don't care which puppet is placed on the throne of England to rule the Empire on which the sun never sets.
Whoever controls the money supply of Great Britain controls the British Empire; and, I control the British money supply.(15)

The background to the beginnings of the Rothschild empire

" *... the few who understand this system will either be so interested in its profits or so dependent on its favors that this class will show no opposition, while the great mass of the people, intellectually incapable of understanding the advantages which capital derives from the system, will bear its burden without complaint and perhaps without even suspecting that the system works against their interests."*

Signed: Rothschild Brothers. (Letter sent in 1863 by the London banker to his Wall Street colleagues in New York, in support of the bill for the creation of a central bank.)

Mayer Amschel Rothschild, the true founder of the dynasty, grew up during the era of the Industrial Revolution in Europe, when the financial sector was experiencing unprecedented prosperity. At this time, new financial ideas and practices spread throughout Europe from England and the Netherlands. Following the founding of the Bank of England in 1694, concepts and practices far more complex than those previously available began to be introduced by a host of adventurous bankers.

Machine Translated by Google

During the 17th century , the concept of money and the form it took underwent profound changes. Between 1694 and 1776 (the year Adam Smith published *The Wealth of Nations),* the amount of banknotes issued by banks exceeded, for the first time in human history, the amount of metallic money in circulation.(16)

Railways, mining, shipbuilding, machinery, textiles, the military, energy, and other emerging industries are experiencing unprecedented financing needs. The old, traditional system of goldsmith bankers, with their limited financing capacity, appears increasingly ineffective. The Rothschilds, acting on behalf of the emerging bankers, have seized this historic opportunity and steered the historic trend of the modern financial industry entirely to their advantage.

After 1625, the British Treasury was depleted by two civil wars and significant political instability. In 1689, when William III ruled England (he succeeded to the throne by marrying Mary, the daughter of King James II), he faced profound turmoil, coupled with the ongoing war against Louis XIV. He then began a search for money, as he was short of funds and was close to being reduced to begging. At this time, the banker Paterson put forward a new concept learned in the Netherlands: the creation of a private central bank to finance the king's enormous expenses.

This private bank provided the government with £1.2 million in the form of a perpetual loan, with an annual interest rate of 8% and an annual management fee of £4,000. The government only had to pay £100,000 a year to raise £1.2 million in specie, without ever having to repay the capital. Of course, the government also had to allow the Bank of England to increase its "profits" by granting it exclusive national approval to print the notes.(17)

It has long been known that the profitability of goldsmiths *stems* from the issuance of promissory notes. These notes were, in fact, receipts issued in exchange for gold coins deposited and kept in these banks. Since carrying large quantities was impractical, promissory notes began to be used to carry out transactions, and then they began to be exchanged for gold coins at these same goldsmiths.

After a while, there was no longer a need to constantly visit goldsmiths, and these receipts gradually became currency. In fact, few people went to banks to withdraw their gold, and goldsmiths quietly began issuing promissory notes to people who wanted to borrow money, in exchange for an acknowledgment of debt with interest.

Once the principal and interest had been recovered, the bankers destroyed the IOU and quietly pocketed the interest earned on the depositors' money. The circulation area of the goldsmiths' promissory notes increased at the same rate as their acceptance and the profits they generated. However, the circulation and acceptance area of these notes issued by the Bank of England was unmatched by any other bank.

And these notes, which had obtained national accreditation, became the national currency. The capital of the Bank of England was raised from civil society. Anyone who subscribed at least 2,000 pounds could become Governor of the Bank of England. In total, the bank had 1,330 shareholders and 14 governors, including William Paterson. (18)

In 1694, King William III of Orange-Nassau granted the Bank of England a royal charter and statutory status. Thus, the first modern bank was born. The basic idea behind the Bank of England was that the private debt of the King and members of the royal family would be transformed into a perpetual national debt, secured by taxes levied on the people, and that the bank itself would issue the national currency based on the debt.

As a result, the King would have money to wage war or for his personal expenses, and the government to do whatever it pleased. The bankers would thus generate enormous credits and obtain all the income they had dreamed of thanks to very high interest rates. One might have thought it was a win-win situation, except that the taxes levied on the people served as a guarantee.

With these powerful new financial tools, the British government's deficit soared, and between 1670 and 1685, tax revenues reached 4.8 million pounds, a considerable sum for the time. Between 1685 and 1700, state revenues rose to 5.7 million pounds, but borrowing from the Bank of England during the same period soared, rising from 800,000 pounds to 13.8 million pounds, a 17-fold increase.(19)

Better still, this plan had the effect of plunging currency issuance and perpetual debt into the same impasse. Issuing more currency meant increasing the national debt. And paying off the debt meant destroying the currency, which could no longer circulate on the market. Thus, it was agreed that the government would never be able to repay the debt. The needs of economic development and interest payments would inevitably lead to a greater demand for money.

This money would be borrowed from the Bank, so that the national debt would grow constantly, as would the interest income the bankers would pocket. And indeed, from that moment on, the British government never repaid its debt. While the British public debt stood at £1.2 million in 1694, by the end of 2005 it stood at £525.9 billion, or 42.2% of **GDP.(20)**

In these conditions, is it not better to cut off a few heads if that can avoid preventing the privatization of a national bank?

The Rothschilds' first nest egg

Mayer Amschel Bauer was born on February 23, 1744, in the Jewish ghetto of Frankfurt. His father, Amschel Bauer (c. 1710–1755), was a traveling pawnbroker and goldsmith who traveled to Eastern Europe to earn a living. By the time his son Mayer was born, his father had settled in Frankfurt. From childhood, Mayer displayed astonishing intelligence.

His devoted father devoted much attention to him, carefully selected his education, and systematically taught him everything related to money and credit. Upon his father's death, Mayer went to Hamburg with the support of his family, where he became an apprentice in the bank of Jakob Wolf Oppenheim.(21)

Disciplined, lively, absorbing all information like a sponge, Mayer quickly mastered the various techniques of banking operations. In seven years, he had acquired knowledge of all the workings of the British financial industry. Thanks to the excellence of his work, Mayer was promoted to "assistant partner." He met important clients, such as General Von Estorff, who would play a major role in his future.

It was during this time that Mayer realized that lending money to the government or the King yielded more than lending it to individuals. Not only were the loans raised by governments larger, but taxes served as collateral. This financial concept from England electrified Mayer's mind and opened new horizons.

Machine Translated by Google

A few years later, the young Mayer returned to Frankfurt where he took over his father's business. He changed his surname, Bauer, to Rothschild (in German, *Rot* means red and *Schild* means shield). When Mayer learned that General Von Estorff was also back in Frankfurt and, what's more, at the court of Prince William I of Hesse-Kassel (1743-1821), he immediately thought of taking advantage of this connection.

The General was also delighted to see Mayer again, for he collected coins and the banker was a connoisseur. The former listened with delight to the latter's talk about numismatics; he was completely won over when Mayer sold him some rare coins for a small sum, and he made him his confidant.

Calculating, Mayer quickly became familiar with the important figures at court. Finally, the day came when General Von Estorff introduced him to Prince Wilhelm, himself a great numismatist. The latter summoned Mayer, who, using his usual tactics, did everything he could to seduce the Prince.

After selling him some rare gold coins at a low price, the Prince felt indebted and asked Mayer if he could help him in any way. Mayer jumped at the chance to present his wish to become an official agent of the Court. He was granted it and on September 21, 1769, Mayer inlaid the royal coat of arms on his ensign and inscribed beside it in gold letters: "M.A. Rothschild, agent appointed by His Royal Highness Prince William. **"(22)**

Mayer's reputation quickly soared, and his business flourished. Prince William, for his part, "rented out his army" to other countries to "keep the peace," was known in the 18th century to value money as much as life. He maintained good relations with other royal families and particularly enjoyed his business with the King of England, who always paid promptly and whose country had many foreign interests.

As the latter put a lot of demands on his army and the number of his soldiers was insufficient, he had to spend large sums of money to hire foreign soldiers. During the American War of Independence, against George Washington's army, [England hired more than thirty thousand German mercenaries hired from the Prince of Hesse-Kassel]. William I thus constituted the largest royal inheritance in European history, the equivalent of 200 million dollars. He was also nicknamed "the cold-blooded usurer of himself Europe ."(23)

Deeply committed to the Prince, Mayer did his utmost to ensure that every mission was perfect. This is how he earned his trust. In 1789, the French Revolution began, whose shockwaves spread to France's neighboring monarchies for at least a decade. Prince William began to worry that the revolution would find favor in Germany and that rioters would plunder his wealth.

Mayer, on the other hand, was delighted by the French Revolution, because the panic led to an increase in his business volume.
When the revolution against the Holy Roman Empire broke down, trade between Germany and England was disrupted, the price of imported goods soared, and the trade in goods from England to Germany enabled Mayer to amass a gigantic fortune.

Mayer remained a very active leader of the Jewish community at all times.

Every Saturday night, after the Sabbath, he would invite some of the most learned people in the Jewish community to his home and gather them together to discuss the order of things until the dead of night, sipping ***wine.(24)***

Mayer had a saying: "Families that pray together will be reunited." Later, many people wondered what power it was within the Rothschilds that made them so obsessed with gaining power. By 1800, the Rothschilds were one of the wealthiest Jewish families in Frankfurt. That year, Mayer was granted the title of "Royal Agent of the Empire." This allowed him to travel throughout the Empire, cancel all taxes imposed on Jews, and his company's staff was allowed to carry weapons.

In 1803, the relationship between Mayer and William reached a new level. So did Mayer's influence. It happened like this: the King of Denmark was a cousin of Prince William and wanted to borrow money from him. The Prince, afraid of revealing the extent of his wealth, refused to promise anything.

When Mayer learned of this, he saw a good opportunity and proposed a solution to William: the Prince would pay out the amount of the loan, which would be made under the Rothschild name and would be accompanied by interest. William changed his mind, finding it a good solution that offered the dual advantage of keeping the amount of his fortune secret and lending this money with interest.

For Mayer, lending money to the King of Denmark was a dream come true, as it not only provided him with a stable return but also enhanced his reputation. The loan was a great success. Soon after, six more loans to the King of Denmark passed through Mayer's hands. Mayer's fame grew. His close ties to royal families became known throughout Europe.

When Napoleon took power, he invited William I to join him, but the Prince was unsure which way to lean and refused to choose sides until the situation became clearer. Finally, Napoleon announced that he would remove the Hesse-Kassel from the list of sovereigns. Napoleon's army advanced and Prince William went into exile in Denmark. Before his escape, he asked Mayer to keep for him a sum in cash equivalent to three million dollars.(25)

This money gave Mayer unprecedented power and wealth. This first hoard laid the foundations of his financial empire. The eldest, Amschel, retained his seat in Frankfurt; Salomon, the youngest, went to Vienna to open a new front; the third, Nathan, was sent to England to preside over the clan's destiny; the fourth, Carl, went to Naples to establish a base and serve as a messenger between the brothers, shuttling back and forth; the fifth, James, established himself in Paris. A financial empire unprecedented in human history was being established.

When Nathan dominated the City

"He was lord and master of the world financial market and by that very fact he was also virtually lord and master of everything.
He literally held the revenues of all southern Italy in his custody. Monarchs and ministers of all countries sought his advice and allowed themselves to be guided by his opinions. **(26)**

Benjamin Disraeli, 1844.

Machine Translated by Google

The *City of London,* located in the center of Greater London, covers an area of 2.9 km². Since the 18th century , it has been the financial center of the United Kingdom, and even the world. It has an independent judiciary similar to that of the Vatican, and resembles a state within a state. It is a tiny place that brings together the world's major financial institutions, including the headquarters of the Bank of England, and currently produces 1/6 of England's GDP. Whoever rules the City rules England!

Nathan arrived in England at the time of the confrontation with France, during the Continental Blockade. English goods were selling at a high price in Europe. Nathan teamed up with his brother James, who was in Paris, to transport the goods from England to France, where they were resold. They made a lot of money from it.

Later, Nathan met a British Treasury official, John Harris, and learned about the plight of the British forces in Spain. When the troops of the Duke of Wellington, the commander-in-chief, were ready to attack the French army, the main concern was the payment of wages. The Duke of Wellington had the guarantee of the British government, but he was unable to persuade the Spanish and Portuguese bankers to accept his banknotes, and the troops were in urgent need of gold.(27)

Determined to make money from this business, Nathan had an idea. He looked everywhere to find out where to get gold.
The East India Company had just received a consignment from India that it was preparing to sell. The British government wanted to buy it, but found the price too high and therefore planned to wait until it fell before acquiring it.

When Nathan learned of the situation, he immediately brought Prince William's three million American dollars to England, as well as his profits from the sale of English goods, and then invested the entire sum in highly speculative businesses. He hurried to conclude a deal with the East India Company, bought 800,000 pounds of gold and hastened to increase its price. The British government, seeing that the price of gold was not falling and that the situation of the soldiers at the front was extremely urgent, could not do otherwise than to buy the gold from Nathan. This transaction allowed the latter to make exceptional profits.(28)

Through stratagem after stratagem, he proposed transporting this gold to the Duke of Wellington's troops. By this time, France had already implemented a strict land blockade. The risk was therefore high, and England agreed to spend a large sum of money to transport the gold. Taking on this service, Nathan asked his brother James, only 19 years old, to inform the French government that he wanted to send gold to France and that the British government would likely be very upset, as it would significantly weaken its finances.

Believing they were weakening the enemy, France had no reason not to support Nathan and even ordered police protection throughout the convoy. The few French officials who were aware of this were easily bribed with large sums of money and feigned ignorance.

This is how Nathan had the gold transported. Having secured the support of both warring countries, he boasted his way into the Bank of Paris. There, he attended a welcoming banquet from the French government, while agents were tasked with exchanging the gold for enough coins that the Duke of Wellington could accept. This money mysteriously found its way into the hands of the English troops in Spain, thanks to the Rothschild network, whose shrewd practices rivaled Hollywood intrigue. Here is what a Prussian diplomat said in England:

The Rothschild influence over finance here is simply astonishing, affecting the exchange rates. As bankers, their power is frightening; and when Nathan is angry, it is the Bank of England that trembles.

One day, Nathan took a check issued by his brother on the Rothschild Bank in Frankfurt to the Bank of England, asking to convert it into specie. This was refused on the grounds that conversion was only possible with checks issued by the Bank of England itself. Nathan became angry, and the next morning, along with nine employees of his bank, he deposited a large stack of checks issued by the Bank of England and demanded the equivalent in gold. This time, legally unable to refuse, the Bank of England saw its gold reserve significantly diminish in a single day.

The next day, Nathan brought in even more checks; a manager asked him in a trembling voice how many more conversions he wanted to make, to which Nathan replied coldly, "The Bank of England has dishonored my check, what good is it to me?"
The Bank called an emergency meeting, after which the director very politely informed Nathan that in future the Bank of England would be pleased to accept checks from the "Rothschild Bank," including those from Frankfurt.

With the Battle of Waterloo, Nathan gained control of the City and, from then on, controlled England's economic lifeline. From that moment on, the rights to issue British currency and fix the price of gold were in the hands of the Rothschilds.

James conquers France

" When *a government is dependent on bankers for money, it is the bankers, not the government leaders, who control the situation, since the hand that gives is above the hand that receives. […] Money has no country; financiers have no patriotism and no decency; their only objective is profit.* **"(29)**

Napoleon, 1815.

During Napoleon's reign, James, the fifth Rothschild son, commuted primarily between Paris and London, allowing him to develop the family transport network to organize the trade of English goods. After helping the Duke of Wellington transport gold and following the battle to redeem the English national debt, James became famous in France. He created the Paris branch of the Rothschild Bank and secretly financed the Spanish Revolution.

After the defeat at Waterloo, France lost large swathes of territory. By 1817, its political ambitions were stymied and its national economy was in decline. Louis XVIII's government took out loans everywhere, hoping to gradually recover. A French bank and Barings were responsible for financing many projects, but not the important Rothschild Bank. This outraged James.

In 1818, the price of government bonds issued the previous year rose in Paris and other European cities, and the situation of the French government softened. The Rothschild brothers racked their brains, without success,

Machine Translated by Google

to take advantage of this economic upturn.

At the time, the French nobility considered only lineage in their dealings with others. The nobles considered the Rothschilds to be parvenus and refused to do any business with these commoners. Although James owned a lot of property in Paris, his social status was rather limited.

The arrogance of the nobles infuriated him. Along with several of his brothers, he began plotting to overpower these pedantic aristocrats who underestimated the Rothschilds' excellence in financial strategy, whose finesse proved at least equal to that of Napoleon in the military sphere.

On November 5, 1818, the steadily appreciating French public debt experienced an unusual drop in value. Soon, other government bonds were affected, and their prices declined to varying degrees. Investors began to worry, and as time went on, the situation did not improve. In fact, it worsened.(30) On the stock exchange, rumors were rife and directed trading. One day, it was said that Napoleon would return to power, that

the government's tax revenues were insufficient to repay the interest; another day, that a new war would break out.

The atmosphere at Louis XVIII's court was extremely tense. If bonds continued to fall, it would sooner or later become impossible to raise funds to cover government expenses. Concern was evident in the eyes of the nobles; in fact, everyone was worried about the future of the country. Only two people stood apart—James and his brother Carl.

Many observers, rightly, came to suspect the Rothschilds of manipulating the bond market. By October 1818, thanks to their strong finances, the Rothschilds had begun furtively buying French bonds in all major European cities, and their value appreciated.

Then, starting on November 5, they suddenly began selling these same French bonds en masse, causing a massive panic in the market. Seeing the price of his bonds plummet, Louis XVIII realized that his crown was hanging by a thread. The Rothschild representative at court whispered a few words in his ear: he suggested that he allow the wealthy Rothschild Bank to try to save the situation.

Troubled, Louis XVIII immediately summoned James, setting aside his status as a "commoner." Then, the atmosphere at court changed completely. James, who had always been received coldly, was now greeted by smiling and respectful faces.

Having themselves caused the bond collapse, the Rothschild brothers were able to easily halt their fall. They became the center of attention in France. They had saved the country from the economic crisis and restored morale after its military defeats.
From then on, they received flowers and praise. Their bank was now in demand, and even their austere clothing was fashionable. The Rothschild family now completely controlled the French financial system.

James Rothschild's fortune reaches 600 million francs. There is only one person in France richer than him, and that is the king. He has 800 million francs. If we add up the wealth of all the other bankers in France, it remains 150 million francs less than James's. Such a fortune gives him indescribable power, to the point that he can overthrow the government.
We all know that it was he who overthrew the government of Adolphe Thiers.(31)

Solomon's aspirations in Austria

" *They saw neither peace nor war, neither slogans nor manifestos, neither watchwords nor death nor glory. They saw nothing of the things that blinded the world. They saw only the stepping stones. Prince William had been one of them.* **"(32)** *[Metternich would be next.]*

Frederick Morton.

Salomon was the second child of the Rothschild family. He shuttled constantly between the major cities of Europe and acted as a coordinator between all the banks. Among the brothers, he possessed the best diplomatic skills; he spoke elegantly and knew how to flatter. A banker who knew him declared: "No one left him without being refreshed by his words." It was precisely for this reason that the decision to send him to Vienna, in the heart of Europe, to open banking services, was applauded by his brothers.

Vienna was the political center of Europe. Almost every European royal family was inextricably linked to the Habsburgs of Austria. Rulers of the Holy Roman Empire (dissolved in 1806), the Habsburgs ruled Austria, Germany, northern Italy, Switzerland, Belgium, the Netherlands, Luxembourg, the Czech Republic, Slovenia, and eastern France for over 400 years. They are the oldest and most authentic royal line in Europe.

Although Napoleon had defeated the Holy Roman Empire, the heir to the Habsburg throne still believed he ruled Central Europe and despised other royal courts. Compared to England or France, where Protestantism was in vogue, to enter into relations with these nobles imbued with the rigid doctrine of the most conservative Catholicism, one had to rise to an even more aristocratic level of sociality than with Prince William I of Hesse-Kassel. The Rothschilds had already made several attempts to establish business relations with them, but they had always been kept outside their circles.

After the end of the Napoleonic Wars, Solomon knocked on Vienna's doors again, and the situation literally changed. The Rothschilds were now famous. Thanks to their conquest of England and France, they had grown bolder. Still, Solomon was not bold enough to go and discuss business directly with the Habsburgs, and so he sought a "springboard" in the person of an Austrian, descended from the high Rhine nobility and whose reputation in the 19th century was unparalleled: the Minister of Foreign Affairs, Klemens Von Metternich.(33)

With the creation of the "Metternich System" after Napoleon's defeat, Europe enjoyed its longest period of peace. In a weakening Austria, Metternich did everything he could to counteract the trend and appealed to the remnants of Habsburg power in Europe. He therefore contacted his Prussian and Russian neighbors with a view to forming a Holy Alliance(34), a mechanism to counteract the resurgence of France, stem the turmoil following Russian expansion, stem the tide of nationalism as well as the rising tide of liberalism, and ensure that the separatist forces in the multi-ethnic Austrian territory did not get out of hand.

Machine Translated by Google

The Congress of Aix-la-Chapelle in 1818 was an important meeting to discuss the future of Europe after Napoleon's defeat. Representatives from the United Kingdom, Russia, Austria, and Prussia decided, among other things, on war reparations to be imposed on France and the terms of the withdrawal of Allied troops. Salomon and his brother Carl attended this congress. It was at this meeting that **Gentz(35),** Metternich's right-hand man, introduced him to Salomon.

They met and quickly became close friends. Metternich appreciated Salomon's intelligent praise and also wanted to tap into the Rothschild family's strong financial potential. They got along very well, and Salomon and Gentz were on even better terms. Highly recommended by Metternich and Gentz, and thanks to the Rothschilds' close business relationships with Prince William and the Danish royal family, Salomon eventually gained access to the Habsburgs.

By regularly providing loans and financing, Salomon's bank, S.M. von Rothschild, played a vital role in financing the Austrian economy. In gratitude, the Habsburgs granted the Rothschild brothers (excluding Nathan) the title of baron in 1822. With Salomon's subsidies, Metternich began to expand his influence in Austria.

He sent troops everywhere to the troubled areas to "defend the peace," and thus a declining Austria sank into a spiral of debt and became increasingly dependent on Solomon. The years between 1814 and 1848 were called the "Metternich period." But in reality, it should have been called the "Rothschild period," since it was the Rothschild Bank that controlled Metternich.

In 1822, Metternich, Gentz, Salomon, James, and Carl participated in an important meeting, the Congress of Verona, after which the Rothschild Bank was granted the right to pilot the lucrative project of subsidizing the first railway in Central Europe. The Austrians increasingly felt the Rothschilds' influence.

A joke circulated: "Austria has an Emperor named Ferdinand and a King named Solomon." In 1843, Solomon acquired the Vitkovice Mining Company and the Austria-Hungary Metallurgical Company, both ranked among the ten largest heavy industry companies at the time. By 1848, Solomon already dominated Austria's economy and finances.

The Rothschild coats of arms in Germany and Italy

After the withdrawal of Napoleon's troops from German territory, this geopolitical entity, which included more than three hundred principalities, was reduced to 39, and the German Confederation was created. The eldest of the five brothers, Amschel, remained in Frankfurt and was appointed Minister of Finance and, as we have seen, was ennobled in 1822 by the Emperor of Austria.

The Rothschild Bank in Frankfurt became the financial center of Germany. Amschel regretted not having children and began supporting rising political stars. His favorite would achieve worldwide fame: the young Bismarck, the future German chancellor. Amschel had a father's love for Bismarck. After his death, Bismarck maintained close ties with the Rothschild family. The banker Samuel Bleichroder, a close friend of Bismarck, was also an agent of the family.(36)

Carl, the fourth of the siblings, was also the least brilliant. He started out as a messenger for his brothers, providing regular shuttle services throughout Europe. Nevertheless, he played a crucial role in the siblings' family, helping to achieve a brilliant victory in the battle for public debt in France in 1818. He was then sent to Naples by Nathan, head of the household, to establish a bank there.

In Italy, he demonstrated his full capabilities and exceeded his brothers' expectations. Carl financed Metternich when the latter sent troops to Italy to suppress the revolution, and his excellent political tactics forced the local Italian government to assume the cost of the occupation. He also helped his friend Medici regain the post of finance minister in Naples.

Carl gradually became the financial pillar of Italy, his influence spreading throughout the peninsula. He also maintained business relations with the Vatican, and when Pope Gregory XVI met him, the pontiff exceptionally extended his hand for Carl to kiss, rather than his foot as was customary.

The Rothschild family's financial empire

" As *your banking house is, and as long as you work together with your brothers, not a single bank in the world will be able to compete with you, nor harm you or take advantage of you, for together you can undertake and succeed more than any other bank in the world.* **"(37)**

Henry Davidson [partner of JP Morgan], in a letter to Nathan Rothschild, June 24, 1814.

Mayer, the patriarch, left a very explicit will in 1812 before his death.

1) All important positions in the Bank must be held by family members, never by outsiders. Only men can participate in business activities.

2) Marriages can only take place between cousins, to avoid the exit and dilution of wealth. This provision must be strictly applied in the following years and could be relaxed for marriages with other Jewish banking families.

3) Prohibition on publishing financial ownership.

4) Regarding inheritance, it is absolutely forbidden to use lawyers.

5) The eldest son in the family is the successor, the second son cannot claim the succession, unless everyone agrees.

Any violation of these wishes will result in the loss of all inheritance rights. **!(38)**

They say there's strength in numbers. The Rothschilds practiced endogamy to prevent any dilution of wealth. Over the course of more than a hundred years, they intermarried 18 times, including 16 first cousins. It's estimated that by 1850, they had accumulated the equivalent of six

Machine Translated by Google

billion dollars, and if we estimate the average rate of return at 6 %, 150 years later, that is to say today, they would hold more than 50,000 billion.(39)

Tight family control, opaque operations, coordination as precise as clockwork, access to information faster than the market, a gift for cold and calculating reasoning in the service of limitless plutocratic ambition, all based on a brilliant foresight of monetary matters, allowed the Rothschilds to build the largest banking empire in the history of humanity, making them invincible after two hundred years of political, financial and military maelstrom. At the beginning of the 20th century, it was calculated that the family controlled half of the world's total wealth.(40)

The Rothschild banks spread to major cities across Europe. They had their own system for gathering and delivering intelligence quickly, and even royal families and aristocrats resorted to it when they had secret information to convey quickly. The Rothschilds invented the international system of financial debt settlement. Through this system, they exercised control of the global gold market and created liquidity within their banking system without having to transport gold.

In this world, there is every reason to fear that only the Rothschilds possess truly in-depth knowledge of gold. By announcing in 2004 that they were withdrawing from the London gold pricing system, they were, in effect, quietly turning away from the center of the coming financial turmoil: the heavily indebted dollar, the imperiled legal currency system, and the world's foreign exchange reserves, which will surely face liquidation.

Only the wealth of Asian countries (whose gold reserves are negligible – with the exception of China), accumulated over many years, will be allocated to the future winners. Hedge funds will attack again. This time, the target will no longer be the pound sterling and Asian currencies, but the pillar of the global economy: the dollar.

For bankers, wars are always good news, because expensive goods that slowly depreciate in peacetime disappear instantly during war. Warring parties all want to win, but no matter who emerges victorious, all will be caught in the debt trap. Between the creation of the Bank of England in 1694 and the end of the Napoleonic Wars in 1815, 121 years passed. For England, that was 56 years of war and 65 preparing for the next one.

Starting and financing a war fit perfectly with the bankers' interests; the Rothschilds are no exception and have stood in the shadow of modern wars, from the French Revolution to World War II. The Rothschild family is the largest creditor to the developed countries of the West. On her deathbed, Gutle Schnapper, Mayer A. Rothschild's wife, uttered these words: "If my sons do not want war, there will be no war."

By the mid-19th century, the currency issuance of major industrialized European countries, such as England, France, Germany, Austria, and Italy, had fallen into the hands of the Rothschilds. "The divine right monarchy was replaced by the god of money." By this time, the beautiful American continent, thriving on the other side of the Atlantic, had already entered their field of vision.

Machine Translated by Google

2
A FIGHT TO THE DEATH

" I *have two great enemies: the Southern army positioned in front of me and high finance at my back. Of the two, it is the second that is the more dangerous… I see a crisis rapidly approaching that worries me to the point that it makes me tremble for the future of the country… We have abandoned power to big business, and we are going to experience an unprecedented wave of corruption that will infiltrate the highest levels of the State. The forces of money will try to maintain power by inciting the social classes against each other until all the wealth is concentrated in a few hands and our Republic collapses. I feel at this moment more worry for my country than I have ever had, even in time of war.* **"(41)**

Abraham Lincoln, 16th President of the United States.

If we think of Chinese history as a result solely of struggles for political power or territorial expansion, and if we ignore the calculations of the emperors, we cannot grasp its central theme. Modern Western history, on the other hand, is primarily subordinated to the influential power of the money powers. Understanding this history therefore requires knowing how to identify monetary stratagems in order to place them in their context and their evolutionary process.

The true story of the United States' rise is essentially one of conspiracies carried out by international forces. The penetration and subversion of the country by international financial forces is perhaps the least known chapter in its history, but it is the most disturbing.

After the democratic system was conceived and established, it was quickly and completely absorbed, co-opted, and hijacked by feudal autocratic forces. And while the North American government has managed to make some major independent breakthroughs, it has never managed to completely immunize itself against the deadly virus of monetary power.

The emergence of this new North American democratic system was plagued by serious errors of judgment on the part of the people's representatives, as well as by immediate breaches of the code of ethics, all of which combined to lead to "complete domination of the State through the control of monetary emission in the hands of the banks."

Financial lobbies and the democratically elected government engaged in a life-and-death struggle for over a hundred years, including the Civil War, where the real issue was the creation of a private central bank. This balance of power resulted in the assassination of seven presidents, as well as a significant number of members of Congress. Historians now claim that the casualty ratio for American presidents is higher than that of the front-line troops during the Normandy landings!

With the opening of the financial sector now extending to China, international bankers will now also try to enter this country en masse. Isn't what happened yesterday in the United States likely to happen again tomorrow in China? Is this process already underway?

The Assassination of President Lincoln

On Friday, April 14, 1865, President Lincoln, who had just spent four years dealing with the crisis and difficulties arising from the brutal Civil War between the North and the South, could finally relax. Five days after the surrender of the Southerners, led by General Robert Lee to General Grant of the Northern forces, he went to Ford's Theatre in high spirits to attend a performance. At 10:15 p.m., the assassin went to the President's unguarded box and, less than a meter away, shot him in the head with a high-caliber pistol.

The next morning, Lincoln succumbed to his injuries. The murderer's name was John Wilkes Booth, a well-known actor. After the President's assassination, his fugitive assassin was himself shot dead on April 26. In Booth's car, a large number of coded letters were found and, strangely, some personal belongings of Judah Benjamin, who was the Confederate government's Secretary of War and the future Secretary of State, and therefore a powerful figure in the Confederate zone.

He was also very close to major European bankers. He later fled to England. Lincoln's assassination was then considered a conspiracy. The conspirators likely included members of his own cabinet, as well as bankers from New York and Philadelphia, high-ranking Southern officials, New York newspaper publishers, and Northern activists.

At the time, another version was also spreading, according to which Booth was not killed, but was allowed to escape and his accomplice was buried in his place. Edwin Stanton, the Secretary of War, was accused of covering up the truth. At first, this theory seemed completely absurd. However, when some of the Secretary of War's documents were unearthed and deciphered in the 1930s, historians realized that they coincided with the rumors being spread at the time.

The first to delve into these astonishing historical data was Otto Eisenschiml. In his book *Why Was Lincoln Assassinated?,* he threw a spanner in the works of stunned historians. Later, a certain Theodore Roscoe published his findings and received an even wider acclaim. He wrote:

Most research related to the Lincoln assassination in the 19th century presents the tragedy at Ford's Theatre as a grand opera... Only a few people see it as a murder case: Lincoln died at the hands of an irresponsible criminal... who received the classic legal sanction; the conspiracy theory was squelched, virtue got its due, and

Machine Translated by Google

Lincoln is now history. However, this case is unconvincing in form and unsatisfactory in substance. And the facts show that those truly responsible have gone unpunished.(42)

The assassin's granddaughter, Izola Forrester, also mentioned in her memoirs, entitled *This* One Mad Act, that she had discovered secret documents from a group called the "Knights of the Golden Circle," carefully buried in archives and classified confidential by the Secretary of War, Edwin Stanton.

After Lincoln's assassination, no one had access to these documents. Given his kinship and his status as a writer and journalist, She became the first specialist to be able to access it. Here is what she reports in her book:

[…] I was able to examine the contents of this mysterious package hidden in the safe of the room containing the relics and the exhibits used in the trial of this conspiracy. [...] [These documents] come directly from the archives of the Ministry of War, that is to say from the secret services, or archives on prisoners of war. If I hadn't been kneeling on the floor of that cell 5 years ago that, to search in the bottom of this chest where this package was, I would never have found them. All this is part of the old mystery launched around the officers' affair during the war period – the concealment of these documents and articles, as well as that of the two bone fragments with the bullet and the pistol. What mind could have gathered such incongruous and macabre pieces of evidence? […]

Finally, there was a connection here with my grandfather. I knew he had been a member of the secret order founded by Bickley, the Knights of the Golden Circle. I have an old photo of him, taken in a group with members of the fraternity, in uniform, that Harry's daughter had found for me in our grandmother's Bible. I knew that the newspapers, just after the assassination, had denounced this order as having orchestrated Lincoln's murder, and proclaimed that Booth had been both a member and an instrument of it. And this reminded me again of the words I had heard from my grandmother, saying that her husband had been "the instrument in the hands of other people."(43)

What was the connection between the Knights of the Golden Circle and the financial powers of New York? How many people within the Lincoln's government were involved in the plot to assassinate him? How is it that research into this assassination were systematically diverted from their course? In terms of organization and coordination, the assassination of Lincoln is similar to that Kennedy's, which will take place a hundred years later.

Suppression of evidence, systematically misleading investigations, truth always hidden in a thick fog historical… and above all, refusal of a contradictory debate. To understand the real motives for Lincoln's assassination, we need to delve deeper History and examine, since the creation of the United States, the incessant struggle to the death between the government elected by the people and the forces financial, for the control of monetary creation.

The Right to Issue Coinage and the American War of Independence

Most history textbooks present the causes of the American Revolutionary War in a broad, abstract way. based on great principles. But if we want to precisely restore the financial context of this revolution and the central role that it has played in this capacity, one must adopt another point of view.

Most of the pioneers who landed on the American continent to earn a living were very poor. Apart from goods basic necessities in their luggage, these people had neither goods nor possessions. At the time, North America had not yet discovered its important gold and silver mines. There was therefore a great shortage of silver on the market, coupled with a trade deficit with the mother country England, which, by absorbing a large part of the gold and silver, made them even rarer.(44)

Upon their arrival, settlers in North America worked hard to develop the production of goods and services, but the The shortage of currency restricted trade and hampered economic growth. People had no choice but to use an alternative currency for trade. Furs, shells, tobacco, rice, wheat, corn, and other goods served as currency.

In North Carolina in 1715, no fewer than 17 different products could be used as legal tender (they were called *Legal Tender).* The government and the people could thus pay taxes, repay the public debt and purchase goods and services. All of these alternative currencies had accounting standards relative to the pound and the shilling.

However, their particularities and specificities of acceptance and conservation could vary considerably, and it was difficult to establish standards beyond the local level. To some extent, these alternative currencies alleviated the pressing need for money, but there still remained a bottleneck that prevented the healthy and equitable development of the market economy.(45)

The use of alternative currencies to compensate for the persistent scarcity of metallic money therefore presented too many disadvantages, which forced local governments to think of a solution. The result was the printing and issuance by the government of a legal and standard paper money, the *Colonial Script.* The difference between the banknotes circulating in Europe and this new paper money lay in the fact that it was not indexed to gold and silver.

It was a government currency. How did it work? Everyone had to pay taxes to the government. It It was then sufficient for the government to accept this paper money for the conventional elements of its circulation on the market be reunited. The new paper money revived trade, which began to flourish, thus contributing to socio-economic modernization.

Across the Atlantic, Adam Smith was observing the experiences of the North American colonial government in real time. He understood immediately the stimulating effect brought to trade, particularly in a context of shortage of metallic currency.

But if money is lacking, it can be made up for, albeit in a very inconvenient way, by barter and exchanges in kind. This can be further compensated for, and in a less inconvenient manner, by selling and buying on credit or on current accounts that merchants balance respectively once a month or once a year. Finally, well-regulated paper money can take its place, not only without inconvenience, but still with great advantages.(46)

However, an unbacked currency is the natural enemy of bankers, because if a government's debt does not serve as collateral, so the government does not need to borrow the famous precious metal from the banks... and the bankers then lose part of their

Machine Translated by Google

power. When Benjamin Franklin visited the United Kingdom in 1763, the head of the Bank of England asked him the reasons for the sudden prosperity of his colonies, to which he replied:

It's very simple: in the colonies, we issue our own currency, called "colonial notes," which we issue in proportion to the needs of trade and industry. Thus, products pass very easily from the hands of producers to those of buyers. By creating our own paper money in this way and guaranteeing its purchasing power, we (the government) do not need to pay interest to anyone.(47)

The American colonies thus freed themselves from the controlling authority of the Bank of England. Its bankers flew into a rage and reacted immediately. Thus, in 1764, they forced the British Parliament to adopt the *Currency Act,* prohibiting the American colonies from issuing their own currency; local governments were also required to continue paying their taxes in gold and silver to the British government.

In just one year, the situation has reversed, the prosperous times are over, the economic recession has spread to the streets where unemployment is rife.(48)

Let us listen to Benjamin Franklin speak painfully about the serious consequences of this law on the economy of the colonies:

If England had not deprived the colonies of the right to issue money, thus creating unemployment and discontent, their members would have been happy to add a small tax on tea and other products. The inability of the colonists to be invested with the power to issue their own money, by permanently freeing themselves from George III and the international banks, is the main reason for the outbreak of the American War of Independence. ***(49)***

The Founding Fathers of the United States seemed clearly aware of the control that the Bank of England already exercised over the British injustices against the people that this entailed. In 1791, Thomas Jefferson, the 3rd (who at 33 wrote part of the Declaration government and the of Independence), expressed it this way:

If the American colonies allow private banks to control the issue of money, then these banks will use inflation and then deflation to deprive the people of their property. Until one morning, their children wake up having lost their homes and the lands their fathers had worked.(50)

With the benefit of hindsight of more than two centuries, it is difficult not to admire the astonishing acuity of these predictions. Today, private American banks issue, as predicted, 97% of the national currency in circulation, and, as predicted, Americans owe the banks the astronomical sum of 44 trillion dollars; and it is not impossible that one day they will wake up having lost their homes and possessions, just as happened in 1929.

And yet, the wise pioneers of the United States, observing History to try to anticipate the future, had clearly stipulated from the beginning of the Section 8 of Article 1 of the United States Constitution: "The Congress shall have Power to coin Money and to determine the Value thereof."

The First Battle of the International Bankers: The First Central Bank of the United States (1791-1811)

" *I firmly believe that banking institutions are a greater threat to our liberty than trained armies. They have already created an aristocracy of money and they despise the government. The right of printing and issuing (money) must be taken from the bankers; it should belong to its rightful owner: the people.* **"(51)**

Thomas Jefferson,
3rd President of the United States, 1802.

Born in the British West Indies, Alexander Hamilton became an important figure because of his close relationship with the Rothschilds. A payment receipt archived in the collections of the British Museum proves that it was indeed financed by **them.(52)**

He arrived in New York under a false identity and then married a senator's daughter. In 1789, Hamilton was appointed by Washington as the first United States Secretary of the Treasury. At that time, the country was grappling with the dire economic consequences of the Revolutionary War and the debt crisis. Hamilton urged Congress to establish a private central bank similar to the Bank of England, which would serve as a currency issuer.

Its broad guidelines were as follows: the central bank would be private, with its headquarters in Philadelphia and then branches throughout the country; the government's money and tax revenues would be deposited in this bank. The bank would be responsible for issuing currency for the country to meet the needs of economic development, and would lend to the government at interest.

The share capital will be ten million dollars, 80% of which will be held by private entities and 20% by the state. On its board of directors, 20 of the 25 members will be elected by shareholders and 5 will be appointed by the state. Hamilton clearly represented the interests of the elite. We owe him the following observations:

All societies are divided into two groups: the first will be composed of a few people, the second will contain many. The former will be well-born and wealthy, the latter will form the crowd; and the crowd brings instability and change; it cannot make good judgments and rarely makes good decisions.

Jefferson, on the other hand, represented the interests of the masses. He commented on Hamilton's view: *We*

hold these truths to be self-evident: that all men are created equal, that they are endowed by their Creator with unalienable rights, such as life, liberty, and the pursuit of happiness.

The two sides were diametrically opposed on the issue of the central private banking system. Hamilton believed that "unless the interests of the wealthy are combined with the credits on their wealth, society cannot succeed **" (53)** and that "The public debt, if not excessive, must contribute to the welfare of our country. **" (54)**

Machine Translated by Google

To which Jefferson replied: "A private central bank issuing the people's public money is a more serious threat to their freedom than a trained army. **"(55)** "We cannot tolerate that the permanent debt of those who govern is imposed on the people. **"(56)**

In December 1791, when Hamilton's bill was submitted to Congress, it sparked a heated debate. Ultimately, the Senate passed it by a narrow margin, and the House of Representatives approved it (39 votes in favor and 20 against). President George Washington was then overwhelmed by the debt crisis; in a moment of great hesitation, he sought the advice of Secretaries of State Jefferson and Madison, who clearly demonstrated to him that this proposal was in flagrant contradiction with the Constitution, which authorizes Congress to issue money, but under no circumstances to give this power to any private bank. Washington, deeply affected, decided to veto the bill.

Upon hearing this news, Hamilton rushed to lobby Washington, and he seemed to be more persuasive, asserting the need for a private central bank to secure foreign participation in the capital, otherwise the government would quickly fail.
Finally, overwhelmed and cornered by the crisis that threatened his long-term plans, President Washington signed, on February 25, 1791, the authorization for the creation of the first private central bank, with an operating license limited to twenty **years.(57)**

International banks thus won their first major victory! In 1811, foreign capital represented 70% of the $10 million that constituted the share capital of this first American central bank. The Bank of England and Nathan Rothschild became the principal shareholders of the *First Bank of the United States. (58)*

Hamilton became considerably wealthy. The First Bank later merged with Aaron Burr's *Manhattan Company* and became the first bank on Wall Street. And in 1955, it merged with Rockefeller's *Chase National Bank* and became the *Chase Manhattan Bank.* Between 1791, when it was founded, and 1796, in just five years, the U.S. national debt increased by $8.2 billion. A distraught Jefferson declared in 1798:

I really hope that we can add a constitutional amendment to abolish the federal government's borrowing power. ***(59)***

his election as 3. *When* its As President of the United States (1801-1809), Jefferson spared no effort in attempting to repeal the *First Bank* after twenty-year license expired in 1811, the struggle between the two parties reached its peak. 65 votes in the House of Representatives rejected the proposal to extend the Bank's authorization, while 64 voted "for." In the Senate, the balance was perfect, 17 votes "for" and 17 votes "against." Vice President George Clinton broke the deadlock and cast a decisive veto: on March 3, 1811, the *First Bank of the United States* had to close.(60)

Nathan Rothschild, based in London, heard the news and flew into a terrible fury. He threatened: *Either the United States*

extends its authorization, or it will face a most disastrous war.

The United States government was unmoved, and Nathan reacted immediately: *Let's*

teach these presumptuous Americans a lesson, send them back to the colonial era.

As a result, a few months later, the Anglo-American War of 1812 broke out. It lasted three years, during which the Rothschilds' goal was very clear: to strike until the American government was riddled with debt. To force it to its knees and force it to once again authorize the creation of a private central bank.

The U.S. government's debt increased from $45 million to $127 million, and the government finally laid down its arms in 1815. On December 5, 1815, President Madison suggested the creation of a second private central bank. In 1816, the *Second Bank of the United States* was established.

The Rebound of International Bankers: The Second Bank of the United States (1816-1832)

" *All these doubts and fears only prove the extent of the domination which banking institutions have obtained over the minds of our fellow citizens, and particularly over those who inhabit cities and other banking places; and this domination must be broken, or it will break us.* **"(61)**

Jefferson, in a letter to Monroe (fifth President of the United States), 1815.

The *Second Bank of the United States* was also granted a twenty-year operating license, and this time its capital was increased to $35 million, 80% of which was private capital and 20% for the State.(62)

Like the *First Bank,* the Rothschilds took control of it. In 1828, Andrew Jackson participated in the presidential campaign. In a speech, confronting the bankers, he declared:

You are a nest of vipers. I intend to drive you out, and by the Lord, I will drive you out. If only the people were aware of the gross injustice of our currency and banking system, there would be a revolution before tomorrow morning.

When Andrew Jackson was elected President in 1828, he was determined to eliminate the *Second Bank.* He noted:

The Constitution authorizes Congress to issue money to exercise that power, not to give it to anyone or any corporation.

In 1832, President Jackson was running for reelection. If he was reelected, the *Second Bank* would expire during his term in 1836. However, everyone knew what he thought about that. To avoid things getting more complicated as time passed, the bank wanted to take advantage of the pre-election confusion to obtain a twenty-year extension of its operating rights. At the same time, the bankers subsidized Jackson's rival, Henry Clay, with three million dollars.

Jackson's campaign slogan was "Jackson and No Bank." He won by an overwhelming majority. However, despite his election, the extension of the bank's operating license passed the Senate by a vote of 28 to 20. In the House of Representatives,

Machine Translated by Google

It was also a success with 167 votes against **85.(63)**

Second Bank President Nicholas Biddle, who had the backing of the powerful Rothschild financial empire, did not take the president seriously. When Jackson's possible veto was discussed, Biddle declared, "If Jackson vetoes it, I'll veto it."

Naturally, President Jackson vetoed the extension of the Second Bank and even went so far as to order his Treasury Secretary to withdraw all government savings from the bank account and transfer them to state banks. By January 8, 1835, President Jackson had finished paying off the public debt; this was the only time in U.S. history that the debt has fallen to zero.

Moreover, the state even had a surplus of 35 million dollars. Historians comment on this immense achievement: "It is the highest honor the President has ever bestowed, and it is also the greatest contribution he has made to this country." *The Boston Post* even compares it to Jesus driving the money changers out of the temple!

" The *bank is trying to kill me, but I will kill it.* " – Andrew Jackson, 7th President of the United States

On January 30, 1835, the seventh sitting U.S. president, Andrew Jackson, arrived on Capitol Hill to attend the funeral of a member of Congress. A house painter from England, Richard Lawrence, discreetly followed the president, carrying two loaded revolvers in his pocket. When the president entered the room where the ceremony was taking place, Lawrence was still too far away and patiently waited for the most opportune moment.

The ceremony ends and Lawrence stands between two pillars, near a spot where the President is bound to pass. When the President steps forward, Lawrence draws his weapon and fires from less than two meters away, but misses: the bullet doesn't come out! The surrounding crowd is in shock. Thanks to his military experience, Jackson doesn't panic and faces the killer with determination, instinctively raising his cane in self-defense.

The killer then pulled out his second revolver, but it also jammed. Lucky for him, Andrew Jackson was the first president to escape assassination. The odds of two pistols jamming in succession were one in 125,000. Thirty-two-year-old Richard Lawrence claimed to be the legitimate successor to the English throne and claimed that the President of the United States had killed his father.

After five minutes of trial, the court ruled that he was mentally ill and did not hold him legally responsible. From then on, mental illness became the killers' best excuse to escape justice.

On January 8, 1835, President Jackson finished paying off the national debt, and on January 30, an attempt was made on his life. Griffin writes to his purpose:

Either the murderer was truly mad, or he was pretending to be to escape severe punishment. Later, he boasted that he had connections with powerful people in Europe, who had promised him that if he was caught, he would be protected.(64)

On June 8, 1845, President Jackson died. His epitaph contained only one sentence: " *I killed the Bank.* " The new cancellation of the central bank led England to retaliate severely. It immediately stopped all lending to the United States, thus tightening the money supply.

At that time, the financial system of England was in the hands of the Rothschilds, who circulated a large amount of gold money. Through the central banking system in the United States and loans, they had complete control over this currency.

After the presidential veto of the *Second Bank,* its president, Biddle, implemented his own veto. The *Second Bank* announced a recall of all loans and stopped issuing new ones. All the Rothschild-controlled European banks tightened currency in the United States, which subsequently experienced an "artificial" decline in its money supply, leading to the Panic of 1837.

As a result, the US economy experienced a severe five-year recession, comparable to the Great Depression of 1929. After that of 1837, other "panics" followed, in 1857 and 1907, as if to attest to the famous phrase of Mayer Rothschild: " *Give me control of the currency and I don't care who makes the laws.* "

The independent financial system: a new front

In 1837, when Martin Van Buren, President Jackson's successor and heir apparent, entered the White House, his greatest challenge was how to overcome the grave political crisis caused by monetary tightening and provoked by international bankers. Van Buren responded immediately by creating an independent treasury to extract government funds from private banks and store them within his own system. Historians call this "the divorce of finance and banking."

The independent treasury system emerged at the same time that President Jackson opposed the continuation of the *Second Bank,* and then ordered that government money be withdrawn from the banks and transferred to state banks. Common sense would have dictated that, after escaping the clutches of the Rothschilds, the state bank would have been thrifty.

However, government money was used as a reserve to subscribe to credits and speculate, which was one of the causes of the crash of 1837. Martin Van Buren's proposal to separate state money from financial systems was, of course, intended to protect public funds and put an end to the abuses of a large number of banks that used people's taxes to make speculative loans...

Another feature of the independent treasury is that all money passing through this system must be gold or silver, thus providing a basis for regulating the country's currency and providing banks with control over its issuance. In the long run, this was a good idea; however, in the short run, it triggered the credit crisis, which affected many banks and fueled the fire that was affecting the *Second Bank.*

Machine Translated by Google

The crisis spiraled out of control. Henry Clay played a crucial role in this process. He was the heir to Hamilton's ideology and his private banking. His eloquence and rigorous, yet somewhat provocative thinking made him a favorite with the bankers. He surrounded himself with a group of people who supported the bankers and created the Whig Party. This party was firmly opposed to Jackson's banking policy and committed to restoring the system of private central banking.

In 1840, during the presidential elections, the Whig Party nominated war hero William Henry Harrison as its candidate. The economic crisis of the the lead, gave people a desire for change, and Harrison was United States president. Henry Clay, the *leader* of the Whig Party, put himself in elected. He gave Harrison lessons in governance. After his election, a controversy erupted between the two men.

Henry Clay "summoned" the President to his home in Lexington, and Harrison willingly attended. They parted in bitter disagreement over issues related to the state bank and the independence of the Treasury. Thinking he could control things, Henry Clay found someone to write Harrison's inaugural address, but without seeking Harrison's consent.

Harrison refused, as he had already personally written over 8,000 words. In this speech, which elaborated the ideas of the future government, he vigorously opposed Henry Clay's views on the abolition of the Treasury's independence in favor of the interests of private central banking. The bankers had a new enemy.(65)

March 4, 1841, was a cold day, and William Harrison delivered his speech in a bitter wind. He fell ill.

For a man with a military background like Harrison, this shouldn't have been a problem. But his illness worsened strangely, and he died suddenly on April 4th. President Harrison, who had just been elected and had embarked on major projects, died of a cold, even though he had been in great health just a month earlier! Some historians believe he was poisoned with white arsenic, probably administered on March 30th, and died six days later.

After President Harrison's death, struggles intensified over the private central bank and the independence of the Treasury. In 1841, Henry Clay twice proposed restoring the central bank and eliminating the Treasury's independence. Harrison's successor, Vice President John Tyler, vetoed him. Henry Clay expelled him from the Whig Party. John Tyler was not only the first unelected U.S. president, he no longer belonged to any political party.

In 1849, another Whig president was elected, Zachary Taylor, and the hope of restoring the central bank seemed within reach. Creating a fully subservient private central bank, modeled on the Bank of England, was the banking establishment's greatest dream, allowing it to decide the fate of the country and its people entirely.

Having learned Harrison's lesson, Taylor managed to keep the central bank issue vague. Highly suspicious, he wanted to avoid becoming Henry Clay's puppet. Historian Michael Holt reports Taylor's words:

The idea of creating a central bank is dead, I will not consider it during my term.(66)

However, it didn't kill the central bank, but rather President Taylor himself! On July 4, 1850, he was attending the national holiday celebrations in front of the Washington Monument. It was a very hot day, and Taylor was drinking milkshakes and eating some cherries. He felt stomach pains, and on July 9, the usually healthy President mysteriously died...

Thus, two presidents from the ranks of the military died of illnesses as sudden as they were strange. This naturally attracted the attention of historians, who debated it for a hundred years. In 1991, with the consent of President Taylor's descendants, his remains were exhumed, his nails and hair subjected to laboratory tests, and, of course, arsenic was discovered. But the authorities declared that a small amount of arsenic could not have been fatal and closed the debate. The source of the arsenic discovered in the president's body was never known.

How a coup by international banks caused the Panic of 1857

The closure of the *Second Bank* in 1836 led to sudden intervention by international bankers and dealt a severe blow to the metallic currency in circulation in the United States. A severe economic crisis ensued, lasting five years. Although an agent of the international bankers made two attempts in 1841 to restore the private central banking system, he was unsuccessful.

The two sides were at an impasse and it was not until 1848 that the country's economic health improved. The exit of
The crisis came not from a sudden benevolence of the bankers, but from the discovery of a large gold mine in San Francisco...

From 1848 onwards, the country experienced an unprecedented growth in gold production, which lasted nine years. California alone produced $500 million in gold coins. In 1851, Australia also discovered a large number of gold mines, and world gold production, which amounted to 144 million shillings in 1851, rose to 376 million by 1861. The currency in circulation within the country increased from $83 million to $253 million between 1840 and 1860. (67)

The discovery of gold mines in the United States and Australia broke the absolute control of European financiers over gold. The American government breathed a long sigh of relief. A large supply of money greatly improved market confidence, and banks began to extend credit on a massive scale again. Many important industries—mining, transportation, machine production, etc.—were founded during these golden years.

International banks took countermeasures very early on: financial control and complete dissociation from the political world. Well before the end of the crisis, they had already begun to buy up quality American assets at low prices. In 1853, when the American economy was flourishing, foreign capital, particularly British, already owned 46% of the federal government's public debt, 58% of government bonds, 26% of American railroad bonds, and they were once again holding back the American economy !**(68)**

Once established, the private central bank was intended to allow bankers to control the American economy just as they already controlled those of other European countries. In these years, international bankers once again demonstrated great strategic skill in extending credit in all directions. Thus, workers and businesses devoted all their efforts to creating wealth.

But several simultaneous events would put a brake on development: the collapse of the grain market, the sudden bankruptcy of *Ohio Life and Trust,* which had recorded a loss of $5 million following embezzlement by its executives, and the economic downturn in Europe. A financial panic ensued. The stock market plummeted, companies and numerous banks went bankrupt, and so on.

Machine Translated by Google

It was at this point that the international bankers reaped their harvest. When they deemed the harvest season ripe, the Bank of England —synonymous with Rothschild—and its agents in the United States began drastically tightening credit, causing the Panic of 1857.

But to their surprise, unlike the crisis of twenty years earlier, the crisis of 1857 barely affected the real American economy, which was revived within just a year. Realizing that the United States was growing stronger and its finances increasingly difficult to manipulate, they decided to provoke a civil war. Dividing the United States became the number one priority...

The international financial powers in Europe at the origin of the War of Secession:

As we mentioned in the preamble to this chapter, the economic history of the United States is full of gray areas and of occult interventions…

The Civil War is undoubtedly the largest internal war in the history of the United States. This bloody war lasted four years. Three million people took part, 10% of the total population, and 600,000 died. There were, of course, countless injured and a great deal of property destroyed.

The trauma still lingers, more than 140 years later. Today, most debates about the origins of the Civil War focus on the humanist dimension of the abolition of slavery, as a matter of morality and justice. As Sydney E. Ahlstrom:

If there had been no slavery, there would have been no war, and if there had been no moral condemnation of slavery, there would have been no war.(69)

Yet we now know that in the mid-19th century, debates surrounding slavery primarily concerned economic interests, well before moral issues. At the time, the mainstay of the Southern economy was slavery for cotton cultivation. If abolition were abolished, farmers feared having to pay the newly freedmen a wage corresponding to market rates, which would directly kill the industry, as they would find themselves having to work at a loss.

The entire socio-economic structure would be doomed to collapse. If we consider war as the continuation of political struggle by other means, economic conflicts of interest are measured in light of politics. This confrontation brought to the surface the divergences of economic interests between the North and the South. But it is the very essence of the strategy of the international financial powers towards the young United States of America that we must analyze: "divide and conquer." Did not Bismarck declare:

There is no doubt that the division of the United States into two equal federal forces was decided upon long before the Civil War by the financial powers of Europe.

In fact, the bankers of the London/Paris/Frankfurt axis were in the wings of the Civil War. They carried out detailed and meticulous long-term planning to provoke the Civil War. After the Revolutionary War, the English textile industry and the slaveholders of the South had built close commercial ties; European financiers saw this as an opportunity, a gateway to war. With agents of the British financiers skillfully infiltrating wherever they could, they plotted with local governments to break away from the federal system and spread false information.

Their strategy, as old as the hills, consisted of exploiting the conflicts of economic interest between the North and the South over the issue of slavery, by reinforcing, stimulating, and amplifying the antagonisms, so as to exacerbate this problem, which was not so divisive in the first place in the minds of the American people. Worse still, in order to defend their economic interests, they succeeded in catalyzing a major moral conflict around the issue of slavery.

The bankers were therefore very well prepared and waited for war to break out. They even took bets during the fighting, enjoying growing fat on the debt generated by the price of soldiers' rations. A most sumptuous banquet for bankers! In the fall of 1859, the famous French banker Salomon Rothschild (son of James Rothschild) visited the United States, officially for tourism. He was in reality the coordinator of all the strategic economic plans that had been developed.

He traveled throughout the South and the North, making contact with local governments and his financial colleagues, making numerous trips back and forth to consult and report information to his brother Nathan Rothschild, based in London. When Solomon spoke with the local population, he always publicly declared that finance supported the South and would help it gain recognition from the major European countries.(70)

The principal agent of the Northern bankers was August Belmont, nicknamed "The King of Fifth Avenue . " A precocious child, in 1829, aged only fifteen, he began a career as a banker in the service of the Frankfurt branch of the Rothschilds, of which he later became the representative and even a relative by marriage.

Fluent in German, English, French, and Italian, he was sent to the Naples branch in 1832 to gain the necessary experience in international financial affairs. In 1837, he was sent to New York, where he quickly became an important figure in the financial community. He was even appointed financial advisor by President Lincoln, representing the Rothschild banks of England and Frankfurt, and declaring his agreement to support the North.

To increase military pressure on the Northerners, England sent troops to Canada in 1861: 8,000 soldiers ready to coordinate their attacks with the South and threaten Lincoln's government from the North. In 1862, the allied forces of England, France, and Spain landed in a Mexican port and positioned themselves on the southern border of the United States, ready to enter the territory and attack the North in a pincer movement if necessary.

At the start of the war, the Southern offensives were victorious. England, France, and other European countries proved to be harassing enemies, plunging Lincoln into great difficulties. The war effort was indeed very costly. However, the public treasury was empty, due to a deficit that had been steadily increasing since 1812…

Indeed, before the Lincoln administration, the US government deficit was sold to banks in the form of bonds, which were themselves resold to the Rothschild and Barings banks and carried high interest rates that prevented the government

Machine Translated by Google

to move forward.

Still interested in further increasing the national debt, the coalition bankers offered Lincoln a financing plan with conditions and interest rates of 24 to 36 *percent.* Stunned, Lincoln immediately showed them the door, all too aware that the American people would never be able to repay such an astronomical debt.

Lincoln's New Monetary Deal

Without money, it was impossible to wage war. And borrowing from bankers was tantamount to putting a noose around one's neck. Lincoln looked for a solution. At that moment, his old friend from Chicago, Edmund D. Taylor, proposed an idea: the government could just issue the money itself!

Ask Congress to pass a law authorizing the Treasury to issue money to pay soldiers' wages, and go win your war.

Lincoln asked if Americans would accept this new currency, to which Taylor replied: *On this point they have no choice, as*

long as you have legal capacity, the government will give it its full approval, it will be as good as any other currency, since the Constitution gives Congress the right to issue and fix its price.

Delighted, Lincoln approved this proposal and left the planning to Taylor. This innovative solution broke with the tradition of borrowing and paying interest to banks. The new currency was printed on a green background to distinguish it from other bills. It was dubbed *Greenback.* This currency was not backed by gold or silver, but by the credibility of the government.

During the Civil War, thanks to the issuance of this currency, the government overcame the severe shortage of foreign currency in the early days of the conflict and efficiently mobilized northern resources, laying a solid economic foundation for victory against the South.

At the same time, because this low-cost currency had legally become the reserve currency of the North, credits granted by northern banks expanded significantly, with the result that the military industry, railway construction, agricultural production and trade obtained unprecedented financial support.

Since the discovery of gold mines in 1848, American finances had gradually freed themselves from the burdensome control of European bankers. Lincoln's new currency was all the more widely accepted by citizens because it restored confidence and ensured a solid financial basis for winning victories against the South. To everyone's surprise, it did not cause any serious inflation, as had occurred during the Revolutionary War.

From the beginning of the war in 1861 to its end in 1865, the price index in the North rose moderately from 100 to 216. Considering the extent and severity of the damage, and in comparison with wars of the same magnitude in other parts of the world, one can almost speak of a financial miracle! On the other hand, the South, which had used the circulating notes, suffered a different fate and the price index there climbed from 100 to 2,776 in the same period.(71)

Throughout the war, Lincoln issued $450 million of this new currency. The mechanism was so well executed that he seriously considered legalizing it to perpetuate the use of this debt-free currency. This deeply harmed the fundamental interests of the international financial oligarchy.

If governments stopped borrowing money from banks and shamelessly issued their own money, the bankers' monopoly on the issue of money would cease to exist, and the banks would then have nothing to sink their teeth into! On learning of Lincoln's plan, *The London Times,* the organ of the English bankers, immediately published the following statement:

If this malicious financial policy, which originated in North America, were to harden and become a fixed arrangement, then this government would provide its own currency at no cost. It would pay off its debts and become debt-free. It would become prosperous, and this would be unprecedented in world history. The brains and wealth of all countries would flow to North America. This country must be destroyed or it would destroy every monarchy on the planet.(72)

The British government was furious and decided to retaliate: on December 28, 1861, the New York Associated Banks announced that they were suspending payment in metallic currency of the $150 million loan granted to the Lincoln government. Some banks prevented savers from withdrawing their gold and also announced that they were canceling their commitment to purchase government bonds with gold.

Then the bankers rushed to Washington to ask the President to make changes, return to the practices of the past, sell high-interest bonds to European bankers, keep the government's gold in private banks to build up the reserves needed to issue credits, and impose taxes on manufacturers and citizens to support the war effort.

Naturally, Lincoln refused to submit to the bankers' crazy demands. His policy grew even more popular; the people enthusiastically bought all the bonds and, in accordance with the law, used them as ready money. The bankers saw the failure of their plan and decided to foment others. They found that the law issuing "Lincoln Money" by Congress did not mention that the payment of interest on the debt was to be made with gold.

They negotiated a compromise with members of Congress, authorizing the purchase of government bonds with "Lincoln currency," but including the payment of interest in gold. This was the first step in the overall plan: to link Lincoln's currency to gold and allow European bankers, who at the time were using the pound sterling system as the world's reserve currency, to hold more American gold currency.

The compromise reached between American bankers and Congress later resulted in control of all American gold traded by international financial forces, which indirectly manipulated the value of the American currency.

Lincoln's Russian Allies

Machine Translated by Google

In 1861, when European monarchs began preparing their troops to divide the United States in the Civil War, one of the most perilous periods in its history, Lincoln immediately thought of allying himself with the enemy of these monarchies: Russia. The American president dispatched a special envoy to Tsar Alexander II to request his help. When the latter received Abraham Lincoln's letter, he did not open it immediately, but weighed it in his hands and said:

Before I open this letter to know its contents, I warn you in advance that I will accept any of your requests.(73)

There were several reasons for the Tsar's involvement in the Civil War.

(1) First, the international financial forces that had conquered Europe were seeking to extend their influence ever further and were now knocking on the Kremlin's doors. Drawing on their Western experience, the bankers demanded the creation of a private central bank in Russia. The Tsar, highly suspicious, constantly rejected their demands. When he saw that he was not the only political leader opposing the financial forces, and fearing that they would eventually turn violently against him as well, he hastened to seize Lincoln's outstretched hand.

(2) On March 3, 1861, even before the outbreak of the Civil War, Alexander II declared the abolition of serfdom in his country, anticipating the intentions of the North in the United States.

(3) In 1856, the Russians had lost the Crimean War against the French and the British and they wanted revenge.

On September 24, 1863, a Russian fleet commanded by General Liviski entered New York Harbor; and on October 12, on the other side of the continent, the Russian Pacific Fleet commanded by General Popov arrived in San Francisco. Of course, without a declaration of war... Regarding this, Gideon Welles, Lincoln's Secretary of the Navy, wrote in his diary:

*The Russian fleet has left the Baltic and is now in New York, or at least a large number of ships have arrived there. They will not be confined in the Baltic by a northern winter. Sending them to this country at this time is important. We will know in due time what effect this will have on the French. Their reaction may be moderate, it may be exasperated. God bless the Russians !**(74)***

By the end of the war, the U.S. government was having great difficulty paying the costs of the Russian fleet, which totaled $7.2 million. Since the U.S. Constitution did not authorize the government to pay for the war expenses of other countries, President Andrew Johnson [Lincoln's successor after his assassination] and Russia made a deal: the U.S. government would purchase Alaska from Russia to cover the war effort.

This case was called "the madness of William Henry Seward" (the Secretary of State). It seemed insane to spend $7.2 million to buy a worthless stretch of desert.

With tensions building on all sides, there was an assassination attempt on Tsar Alexander II in 1867. He survived that year, but ultimately died at the hands of his assassins on their second attempt on 1er March 1881.

Who is Lincoln's real assassin?

"[Lincoln] obtained Congressional authorization to borrow directly from the people by selling them state bonds… and the government and the nation escaped the plot of foreign financiers. They understood at once that the United States would escape their grasp. Lincoln's death was decided."

Otto von Bismarck,
Chancellor of Germany.

After the abolition of slavery and unification with the South, Lincoln immediately announced the cancellation of the Southern debt. The international bankers, who had provided enormous support to the South during the war, suffered enormous losses. In retaliation, and in an attempt to reverse Lincoln's monetary policy, they gathered together all those who were dissatisfied with him and planned his assassination.
As for the modus operandi, recruiting an isolated fanatic was not very difficult.(75)

After Lincoln's assassination, Congress returned to the control of international financial forces, announced the abolition of the late president's monetary policy and a complete freeze on the issue of his currency, limiting the money supply to $400 million. In 1872, the Treasury was asked how much money Lincoln's new currency had saved.

After a calculation that took a few weeks, the Treasury replied: "Because Lincoln issued his own government currency, we saved four billion dollars." From a strategic point of view, the Civil War was a war of interests between state sovereignty (monetary policy and currency-issuing power) and international financial forces.

competitors.

In fact, this civil war between the North and the South was only the visible part of another war to the death that stretched before and after, over a period of one hundred years, during which seven presidents and numerous members of Congress were assassinated… until the bankers won a decisive victory in 1913, when the Federal Reserve System of the United States was established. As Bismarck put it: *The death of Lincoln was a disaster for Christianity. There was no man great enough in the United States*

to wear his suit, and the bankers again got their hands on the wealth. I fear that the foreign bankers, with their cunning and crooked dealings, will completely control the immense wealth of America and use it to corrupt civilization.

The National Banking Act of 1863: A Fatal Compromise

"My contribution to the passage of the National Banking Act was the greatest financial mistake of my life. This act established a monopoly that affects every interest in the country. This act must be repealed, but before that can be accomplished, the people will have to line up on one side and the banks on the other, in a struggle on a scale we have never seen in this country."

Machine Translated by Google

Salmon P. Chase,
Secretary of the Treasury.

After the Civil War broke out, Lincoln rejected the financial stranglehold of Rothschild money, lent at interest rates ranging from 24 to 36 *percent.* He authorized the Treasury to issue its own United States Notes , also known as *Greenbacks* .

In February 1862, the Legal Tender Act *authorized* the Treasury to issue $150 million in greenbacks, and again in July 1862 and March 1863. A total of $450 million was issued. Lincoln's greenbacks had pierced the hornets' nest of the banking industry. Bankers were hated, and the currency printed by Lincoln, which continued in circulation until 1994, was welcomed by ordinary people and industry alike.

In 1863, at a critical moment in the war, Lincoln needed a larger sum of money; in order to obtain the third authorization of issue, he had no choice but to bow to the bankers in Congress and accepted a significant compromise by signing the "National Banking Act." This act authorized the government to approve the issue of notes by national banks, which would, in effect, issue the country's currency.

The government's borrowing was supposed to be used by the banks that issued currency... to build up reserves! The public debt and the issuance of North American currency found themselves in a bind, and the government, once again, was unable to repay...

The famous economist John Kenneth Galbraith remarked:

For many years after the [Civil] War, the federal government ran a very large surplus. It could not pay off its debt, retire its securities, because to do so would have meant there would be no obligation to back the national bank notes. To pay off the debt was to destroy the money supply.(76)

After many years of relentless struggle, the conspiracy of international bankers, who had wanted to copy the Bank of England in the United States, had finally succeeded. Since then, the interest on the debt has been steadily increasing, like a noose tightening around the necks of Americans. By 2006, the federal government was left with an astronomical debt of $8.6 trillion !**(77)**

That represented, on average, $112,000 in debt for every four-person household, and that public debt was growing by $20,000 every second! Interest expenses outweighed health care and national defense spending.

Since 1864, bankers have profited, generation after generation, from the interest on the public debt. It might seem insignificant at first glance whether it was the government or the banks that issued the money. But it is the burden of debt that is at the root of one of the greatest injustices in the world and in history. The people must pay indirect taxes to the bankers, even though it is they who create wealth and money by the sweat of their brow!

So far, China is one of the few countries to issue its own currency directly. The fact that the government and people are able to save so much interest is an important and indispensable factor for China's long-term development. If someone "enlightened" were to suddenly decree, under the pretext of learning and drawing inspiration from the Western, and primarily American, economic model, that the People's Bank of China should suddenly use government debt as collateral to issue currency, then the Chinese would have every reason to be concerned.

Lincoln was not inattentive to this ongoing threat, but he faced an immediate crisis. He nevertheless intended to repeal the bill after his reelection in 1865. But just 41 days later, he was assassinated. The bankers gained strength in Congress and got rid of Lincoln's motto. On April 12, 1866, the *Contraction Act* passed in Congress began recalling greenbacks in circulation, converting them to gold and restoring the gold standard of the dominant international bankers.

Immediately after the wars and calamities that had destroyed the country, ridiculous monetary tightening policies were implemented. The currency in circulation fell from 1.8 billion in 1866 (or $50.46 per capita) to 1.3 billion in 1867 (or $44 per capita), then to 600 million in 1876 (or $14.6 per capita), and finally fell to 400 million in 1886 (or $6.67 per capita).

To heal the trauma of war, the economy urgently needed to be restored and expanded. On the other hand, the population was growing, which caused a severe shortage of money. Most people think that boom and bust are the rules of economic development, but it is actually the bankers' manipulation of the money supply, which they tighten and loosen, that is at the root of the problem.

During the winter of 1872, international bankers dispatched Ernest Seyd to the United States, who left England with a large sum to fuel the corruption. This maneuver ultimately led to the passage of the *Coinage Act,* known as the "Crime of 1873." Ernest Seyd himself drafted the text of the bill that expelled silver coinage, and gold became the sole "master on board" currency. This law would certainly aggravate the already dire situation due to shortages. Afterward, Seyd, complacent, said:

I went to the United States during the winter of 1872 to ensure the execution of the law abolishing money convertible into silver. I represent the interests of the directors of the Bank of England. In 1873, gold became the only metallic currency.

In reality, abolishing the use of silver served to ensure bankers absolute control of the global money supply. Indeed, following the discovery of numerous silver mines, the mass of this metal in circulation became difficult to control, unlike gold production, which, at the same time, was becoming scarce. By ousting the global exploitation of silver, the bankers retained the hegemony that gold conferred on them.

From 1871 onwards, in Germany, the United Kingdom, the Netherlands, Austria and the Scandinavian countries, silver was abolished in favour of gold coinage, leading to a drastic reduction in the money supply in circulation in these countries, and causing the Long Depression, one of the most severe periods of economic recession in Europe, which lasted more than twenty years (1873-1896).

In the United States, austerity bills and coinage directly triggered the economic recession of 1873–1879. Within three years, unemployment had reached 30 %, and Americans demanded a return to the era of Lincoln's greenbacks and silver. The people took the initiative to establish the United States Money Commission and the *Greenback Party* to promote a return to the silver and gold system. Once again, "Lincoln money" was popular. A Money Commission report stated:

Machine Translated by Google

The Dark Ages resulted from a shortage of money and falling prices. Without money, there is no civilization. If the money supply decreases, civilization can only disappear. Under Rome, in the Christian era, the metallic money supply in circulation of The Empire was worth $1.8 billion, and by the end of the 15th century , only $200 million remained in Europe. History shows that no catastrophic change can compare to the Roman Empire when it fell into the Dark Ages.

These remarks contrast strikingly with those of the American Bankers Association *(The American Bankers Association)* in a letter distributed to all its members:

It is recommended that you do all you can to support leading daily and weekly newspapers, especially the agricultural and religious press, which will oppose the issuance of greenbacks. And you will also suspend all support financial to all applicants who are not prepared to oppose the government's monetary issuance. Repeal the Act creating banknotes or putting the government's monetary issue back into circulation will amount to providing the people with money and will therefore seriously affect our profits as bankers and lenders. See your parliamentarian immediately and urge him to support our interests so that we can control the legislation.(78)

In 1881, James Garfield, the twentieth president of the United States, came to power in the midst of an economic crisis. He clearly understood the heart of the problem:

In any country, whoever controls the money supply is the absolute master of industry and commerce. If you understand that this system is so very easily controlled by a handful of people, so you don't need anyone else to explains the causes of inflation and (monetary) tightening.

Just weeks after speaking these words, on July 2, 1881, President Garfield was assassinated. by Charles Guiteau, another “mentally ill” person. He died from two gunshots on September 19.

Throughout the 19th century, international bankers successfully "replaced holy royal power with the power of holy gold." In the United States, "the power of holy gold has also gradually disintegrated sacred civil rights." In their bitter struggle that lasted more than a hundred years against the democratic American government, the international bankers finally won, despite much resistance.

When the bankers proudly brandished the "National Banking Act" in 1863, they were only a few steps away to achieve their ultimate goal: to establish in the United States a bank in all respects similar to the Bank of England. A central bank private company that could completely control the creation of money...

Machine Translated by Google

3
THE CREATION OF THE FEDERAL RESERVE(79)

" *A great industrial nation is controlled by its credit system. Our credit system is concentrated in the private sector. growth of the nation, consequently, as well as all our activities, are in the hands of a few men [...]. We have restricted credit, we restricted opportunities, we controlled development, and we came to be one of the "one of the most mismanaged governments in the civilized world, one of the most completely controlled and dominated, not by the conviction and vote of the majority, but by the opinion and force of a small group of dominant men."*

Woodrow Wilson,
28th President of the United States.(80)

It is no exaggeration to say that even today in China, few economists know that the Federal Reserve (or simply the Fed) is a private central bank. It is, in fact, not at all "federal" in nature, nor does it carry out "reserve" activities, nor can one consider it a "bank." Most Chinese people think that it is obviously the American government that prints the dollars, while the reality is quite different: he does not even have this right!

Indeed, after the assassination of President Kennedy in 1963, the United States government lost the only right it had left to issue money backed by silver. If he wanted to get dollars, he had to rely on future taxes from Americans (Treasury bonds) that he would give as collateral to the Federal Reserve so that it would issue "federal notes," in other words, US dollars. So, what is really the Fed? What are its origins?

These questions are a forbidden area in academic and university circles, which have made a tacit agreement on this subject. While the media engages in long debates on "gay marriage" or other subjects of relative importance, there is almost no talk never of the question which lies at the heart of the daily life of each individual, and which concerns every cent of income, every cent of interest paid on a loan, namely: the question of controlling the issue of money.

This chapter discusses what is being hidden from us about the creation of the Federal Reserve and what the mainstream media has deliberately done. "filtered." In fact, on December 23, 1913, the democratic government of the United States was finally subjected to the power of money.

The mysterious Jekyll Island: where the Fed was conceived

On the night of November 22, 1910, a train quietly left New York City heading south. The country's most important bankers had arranged to meet for a most secret journey. Their destination was several hundred miles away, on Jekyll Island, in Georgia, a winter resort bought by a group of wealthy Americans who had created the Jekyll Island Club there, under the conducted by John Pierpont Morgan.

The members of this very exclusive English club, in which admission was hereditary and not transmissible, owned a total of 1/6 of global wealth. Service staff were brought in from the continent and distinguished guests were identified only by their first names, the custom of the surname being strictly forbidden. It was also ensured that no journalist was within 80 km of the island.

Here is the list of participants in this top-secret meeting: —

Nelson W. Aldrich, senator, chairman of the National Monetary Commission and future grandfather of Nelson Rockefeller; — A. Piatt

Andrew, Assistant Secretary of the U.S. Treasury; — Frank

Vanderlip, president of the National Bank of New York; — Henry P.

Davidson, senior partner at J.P. Morgan Company; — Charles D. Norton,

president of the First National Bank of New York; — Benjamin Strong, J.P.

Morgan's right-hand man; — Paul Warburg, German

immigrant, who arrived in the United States in 1901. Senior partner in the bank Kuhn, Loeb & Company, he represented the Rothschild dynasty of France and England and was the main promoter of the Federal Reserve.

These high-ranking representatives of the banking lobby had not gathered for a holiday, but to draft an important document: the *Federal Reserve Act.* Paul Warburg possessed unparalleled expertise in the banking field, of which he knew virtually all the strings. When he was asked questions, he did not just answer them technically, but enriched his remarks with elements of historical culture.

Everyone was impressed by his extensive knowledge and vast erudition in banking. Naturally, Warburg became the principal writer and interpreter of the document. Of all the participants, Nelson Wilmarth Aldrich was the least informed: he was simply responsible for verifying the text's conformity with the law, so that it can be accepted by Congress.

Machine Translated by Google

The other people present represented the interests of large banking groups, gathered around Warburg, who proposed a detailed program. The session lasted nine days. Nine days of intense debate at the end of which they finally reached a consensus.

After the financial crisis of 1907, the image of American bankers had become disastrous. Members of Congress didn't even dare speak openly about the new banker-sponsored bill, forcing the bankers to draft its founding text in secret on a remote island.

Moreover, the term "central bank" had become, since the term of President Thomas Jefferson, synonymous with "the conspiracy of English international bankers" and risked attracting public anger. Paul Warburg therefore recommended using the name "Federal Reserve System" to confuse the issue.

However, it had the same functions as a central bank, like the Bank of England, with private shares from which enormous profits could be made. The difference with the *First Bank* and the *Second Bank* was that even the 20% government share was excluded, and the Fed would therefore be a purely private central bank.

To better deceive the public about the real bosses of the Fed, Warburg proposed a subterfuge:

Congress controls the Federal Reserve; the government will have a representative in the administration, but the majority of the members of the Board will be under the direct or indirect control of the Bankers Association.

Later, he proposed another version:

The members of the Board of Governors are appointed by the President of the United States, but the actual functions of the Board are performed by the Federal Advisory Committee, which meets regularly with the Board of Governors to discuss the course of action. Its members will be chosen by the twelve representatives of the Board of Governors, and this detail will be deliberately hidden from the public.

The main difficulty was to conceal from the public the New York bankers' desire to control the Federal Reserve. Since the 19th century, farmers, as well as small and large merchants, in the Midwest had suffered greatly from banking crises and abhorred all East Coast bankers.

For the congressmen, the idea of a central bank placed in the hands of these same bankers hated by the people was untenable and even electorally suicidal. Warburg therefore proposed an ingenious solution: twelve regional banks would constitute the entire Federal Reserve System, to give the illusion that business was not concentrated in New York.

But except in banking circles, few people knew that the issuance of money and credit would remain heavily concentrated in this city. Warburg's foresight extended to locating the Fed's headquarters in the political capital, Washington, D.C., to ostensibly distance itself from New York, the financial capital. Wall Street bankers were once again diverting public attention.

Paul Warburg's final concern arose from the manner in which the twelve heads of the regional banks were chosen.
Nelson Aldrich's experience in Congress was put to good use. He pointed out that Midwestern congressmen were generally hostile toward New York bankers; to circumvent this check and balance, the presidents of regional banks would be appointed by the President, so that Congress could not interfere.

This created a loophole in the law, because Article I, 8 , of the Constitution stipulates that Congress is responsible for the management of monetary policy; by excluding Congress, the Fed was, from its very inception, unconstitutional. This point became the target of numerous subsequent attacks by congressmen.(81)

Though cleverly designed, the bill simulated a genuine separation of powers, but in fact did nothing to prevent the system from operating in complete secrecy: the President appoints, Congress approves, independents become directors, and bankers are advisors.

Behind-the-scenes machinations at the Fed...

" Seven *men on Wall Street now control a large part of the industry and resources of the United States. Of these seven men, three, J.P. Morgan, James J. Hill, and George F. Baker, the head of the First National Bank of New York, belong to the Morgan group, and the other four, John D. and William Rockefeller, James Stillman, head of the National City Bank, and Jacob H. Schif of the private bank Kuhn, Loeb & Company, belong to the banking group Standard Oil City Bank… The central machine of capital is extending its control over the United States."*

John Moody,
founder of *Moody's Investors Service,* 1911.

The seven big names of Wall Street joined forces to create the Federal Reserve. Discreetly associated with the dynasty of Rothschild, they thus set up a replica of the Bank of England in the United States.

The Rise of the Morgan Dynasty

The predecessor of Morgan's bank was a little-known British firm called *George Peabody & Co.* Its founder, George Peabody, an American from Baltimore, moved to London in 1835 after amassing a small fortune. There, he discovered that finance was a thriving industry, and he and a few other businessmen began investing in what was fashionable at the time: investment banking and high finance.

His clients included the government, large corporations, and wealthy individuals. Forerunners of modern investment banks, Peabody and his partners made international commercial loans, issued stocks and bonds, and managed a vast array of commodities.

Machine Translated by Google

With the support of the English branch of *Brown Bros. & Co.,* George Peabody made rapid inroads into British financial circles. As a price of fame, he one day received a letter of invitation from Nathan Rothschild. Feeling equal parts respect and awe, Peabody knew that being invited by such a renowned banking figure was an honor no less than being received by the Pope for a Catholic.

Nathan cut to the chase and proposed a partnership to Peabody: to become the Rothschilds' secret public relations agent. In Europe, the Rothschilds operated solely through cunning and force, and many people despised them. London's nobility had repeatedly refused Nathan's invitations, believing their social status could not be associated with this churl.

Although the Rothschilds' power in England was already considerable, Nathan was unable to overcome the deeply rooted mechanisms of aristocratic distinction. Rothschild was interested in Peabody for his ability to gain entry: the man enjoyed a good social image, as he was modest and amiable, and, above all, he was an American national, an element that could be put to good use in the future!

Nathan's offer was simply to finance the entire public relations costs incurred by George Peabody's company.
The latter could not refuse and quickly became an essential pillar of London high society, notably thanks to the annual banquet for the celebrations of July 4, organized at his home, which was a major event in London aristocratic circles.(82)

The expenses were colossal and the luxury of the entertainment unheard of, but the guests asked no questions about the source of the means of this simple businessman, still unknown a few years earlier. Until 1854, George Peabody had only a bank with a capital of one million. Within six years, his fortune had grown to twenty million and he became a banking heavyweight in the United States.

During the Rothschild-induced economic crisis of 1857, when English bankers dumped all American bonds en masse, Peabody was caught in a trap due to a large investment in Treasury bills and railroads. Strangely enough, just as the Bank of England was on the verge of bankruptcy, an angel fell from heaven and granted him an emergency loan of £800,000. The usually cautious Peabody then began buying all sorts of American bonds, which investors sold as junk.

The Panic of 1857 was different from the Panic of 1837. It took only a year for the economy to emerge from recession. Thanks to the American bonds he acquired and thanks to a ploy reminiscent of Nathan's Battle of British Government Bonds in 1815, George Peabody quickly became very wealthy. He was initially hesitant to buy large quantities of American bonds due to a lack of accurate inside information, but ultimately escaped the threat of bankruptcy.

Peabody had no descendants, and therefore no one to take over his enormous industry. After careful consideration, he finally decided to invite Junius Morgan into partnership with him. He also decided that upon retirement, Junius Morgan would take over the entire firm, which he would call *Junius S. Morgan & Company,* still based in London. He had found his successor. Later, John Pierpont Morgan, Junius's son, took over the business and created a branch in the United States, which he named *J.P. Morgan & Co.*

In 1869, J.P. Morgan and Drexel met in London with the Rothschilds. The Morgan dynasty inherited George Peabody's special relationship with the Rothschilds, and he took their cooperation to new heights. In 1880, J.P. Morgan began financing the reorganization of the railroad company's business activities. On February 5, 1891, the Rothschilds and a few other British bankers founded the secret organization "The Round Table Group ."(83)

In the United States, its equivalent was created, led by the Morgan dynasty. After the First World War, the Round Table Council became the *Council on Foreign Relations* (CFR) in the United States and the *Royal Institute of International Affairs* (RUA) in the United Kingdom. Many important officials in the US government come from these organizations.

In 1899, JP Morgan and Drexel traveled to London to attend a conference of international bankers. Upon their return, JP
Morgan is appointed as the principal agent of the Rothschild interests in the United States. It emerges from this conference that the companies of JP Morgan in New York, Drexel in Philadelphia, Grenfell in London, as well as *Morgan Harjes Cie* in Paris or Messrs. *Warburg Company* in Germany and the United States, are now totally linked to the Rothschilds.(84)

In 1901, Morgan acquired the *Carnegie Steel Company* for the astronomical sum of five hundred million dollars and established the world's first publicly traded company, *United Steel Corporation, with a capital of over one billion dollars.* J.P. Morgan was considered the richest man on earth at the time, but according to the report of the *Temporary National Economic Committee,* he owned only 9% of his company's shares. It seems that the Morgan with the brilliant reputation was in fact nothing more than a lieutenant, a loyalist.

Rockefeller: The Oil Tycoon

John Davison Rockefeller (1839-1937), founder of the dynasty of the same name, is a controversial figure in American history. He has been nicknamed "the most ruthless man" because of his leadership of the famous Standard Oil company. His career in oil began during the American Civil War (1861-1865). When he founded *Standard Oil* in 1870, business was going well. The first loan he received from the *National City Bank* of Cleveland inoculated him with the competitive bug.

He understands that oil refining is profitable in the short term, but if he doesn't want to be swallowed up in the suicidal vicious circle of competition, he must control it. There remains only one solution: to ruthlessly eliminate competitors by any means necessary. Initially, this involves encouraging the intermediary companies under his control (although they are not always aware of it) to buy up their competitors at low prices and for cash.

If competitors refuse, they will face a price war until they submit or go bankrupt. In the event of resistance, Rockefeller will use his all-out tactics: violence and destruction—physically attacking his competitors' workers, burning their factories, and so on.
After a few rounds, there are few survivors. The monopoly angers its counterparts, but also attracts the interest of New York bankers, who adore its radical methods.

For some time now, the Rothschilds have been laboriously trying to gain control of the booming United States, but their attempts have failed every time. Controlling a monarch is easier than controlling a democratically elected government. After the Civil War, they unfold their plan. What are their strengths?

In the financial field, they had the Morgan and *Kuhn, Loeb & Company banks,* but in the industrial sector, no suitable candidates had been found. When they came across Rockefeller, the Rothschilds' eyes lit up. They also assessed that by giving him a good financial blood transfusion, Rockefeller's potential would extend far beyond the small Cleveland area.

Machine Translated by Google

In 1875, the Rothschilds sent their most important financial strategist in the United States, Jacob Schiff of *Kuhn, Loeb & Company,* to Cleveland to examine Rockefeller's expansion plans. Schiff provided unprecedented support to Rockefeller. The Rothschilds already controlled 95% of the United States' railway capacity through the Morgan and *Kuhn, Loeb & Company banks.*

Schiff went further: he developed an elaborate system of rebates through a phony company, the *South Improvement Company,* to offer significant discounts on freight to Rockefeller, causing the collapse of several refining companies that were unable to keep up.
(85) Rockefeller very quickly managed to take a monopoly on the oil industry in the United States and became a true "oil magnate".

Jacob Schiff: The Rothschilds' Financial Strategist

The long relationship between the Jewish banking families, Rothschild and Schiff, dates back to 1785, when the former moved to Frankfurt
in a five-story building shared with the second.

In 1865, Jacob Schiff, only 18 years old, left for the United States after an internship at the Rothschild bank in England. After the assassination of President Lincoln, Jacob worked to coordinate the interests of the various representatives of European banks, who were jointly promoting the establishment of an American private bank. Another of his goals was to train these representatives and install them in key positions in government, the courts, banking, industry, the media, and so on, while waiting for the ideal moment.

The 1stOn January 1, 1875, Jacob Schiff joined *Kuhn, Loeb & Company* and became its head. With the backing of the powerful Rothschild family, *Kuhn, Loeb & Company* became one of the most famous investment banks of the late 19th and early 20th centuries.

James Hill: The Railway Tycoon

The development of railways and the railway industry in North America relies on significant local financial support, but also, to a large extent, on capital from European markets. The issuance in Europe of the bonds that control the value of American railways has become a direct means of seizing the lifeline of this industry.

In 1873, the American financial crisis caused by international bankers did not spare railway bonds.
By the time the crisis ended in 1879, the Rothschilds had become the largest creditors of American railroads. They could shut down the financial lifeblood of any railroad company at any time, at their discretion.

In this context, James Hill, who relied on steamship transport and coal mining, needed financial support if he wanted to survive in a highly competitive railway industry. Morgan was his financial backer. With his unwavering support, he took advantage of the closure of a large number of railway companies after the crisis of 1873 and quickly concluded merger and expansion plans.

In 1893, James Hill realized his dream of a transcontinental railroad. In the dispute over control of the Midwestern lines *(Chicago, Burlington, and Quincy Railroad),* James Hill encountered a formidable opponent, *the Union Pacific Railroad,* supported by Rockefeller, which launched an attack against him.

Its CEO, Edward H. Harriman, begins secretly buying shares in *Northern Pacific ,* controlled by James Hill. When Hill is alerted and realizes he is about to lose control, Harriman is only 40,000 shares short of winning the battle. James Hill quickly asks Morgan, who is on vacation in Europe, for help.

His men immediately counterattack Rockefeller's challenge. Alarm signals begin to flash on all sides.
in Washington, as the rivalry over *Northern Pacific* shares is at its peak. The share price even reaches $1,000.

A war between two wild beasts can end up spilling over into the world. To minimize collateral damage, international bankers are called in to mediate. A "peace treaty" is negotiated, resulting in the creation of a holding company, the *Northern Securities Company,* where the two former rivals jointly control rail transport in the north of the country.

On the day of its creation, U.S. President McKinley was assassinated, and Vice President Theodore Roosevelt succeeded him. Under Roosevelt's leadership, the *Northern Securities Company* was dismantled by the *Sherman Antitrust Act.* Terribly frustrated, James Hill turned south and acquired the railroad that ran from Colorado to Texas. By the time he died in 1916, he had accumulated a fortune of $53 million.

The Warburg brothers

In 1902, Paul Warburg and his brother Felix left Germany and emigrated to the United States. Coming from a family of bankers, the two brothers were highly skilled and among the leading financial experts of the time. The Rothschilds particularly appreciated Paul's talent. The bank Messrs. *Warburg & Co.* sent the two brothers to the American front, where there was a pressing need for skilled personnel.

Indeed, the Rothschilds had been pursuing the project of creating a private central bank in the United States for a hundred years, with ups and downs, but without decisive success. This time, Paul would assume responsibility for steering the maneuvers. Shortly after his arrival, Paul joined Jacob Schiff's *Kuhn, Loeb & Company ,* whose sister-in-law he married, while Felix married his daughter. Here is what Colonel Ely Garrison, financial advisor to Presidents Roosevelt and Wilson, had to say about it:

Paul Warburg was the man who got the Federal Reserve Act passed, after the Aldrich Plan had aroused so much resentment and opposition from one end of the country to the other. The master mind who conceived both plans was Baron Alfred Rothschild of London.(86)

The 1907 Crisis: First Skirmishes Over Fed Legislation

Machine Translated by Google

In 1903, Paul drafted a program of action on how to introduce the "advanced experience" of central banking in Europe to the United States, and then sent it to Jacob Schiff. This document was then forwarded to James Stillman, CEO of the *National City Bank* (later *Citibank)* in New York, and the city's banking circle. Everyone found Paul's idea very clear and felt they had suddenly glimpsed the solution.

Throughout American history, many forces within the government and the public have consistently opposed the idea of a private central bank. New York bankers had a bad reputation, both in industrial circles and among small and medium-sized businesses. Members of Congress avoided any banker proposal for a private central bank like the plague.

In such a political climate, passing a law establishing a private central bank seemed impossible. To reverse this unfavorable balance of power, the bankers came up with the idea of engineering a massive financial crisis. First, the psychological groundwork was prepared with a propaganda campaign about new financial concepts.

On January 6, 1907, an article by Paul Warburg was published in the press. It was entitled: "Defects and Needs of Our Banking System." From then on, Paul became the media leader of the proponents of private central banking. Shortly thereafter, Jacob Schiff declared to the New York Chamber of Commerce:

If we do not have a central bank that adequately monitors the financing of credit, this country will experience the most severe and deepest monetary crisis in its history.(87)

Where there's smoke, there's fire. Drawing on their experiences in 1837, 1857, 1873, 1884, and 1893, bankers knew that an overheated economy would eventually work to their advantage. This is also the inevitable result of continued monetary easing. Figuratively speaking, the entire process can be seen as bankers raising fish in a pond. When they add water to that pond, it's called monetary easing, the massive injection of money into the economy.

When there is money everywhere, everyone, attracted by the lure of gain, works day and night. Work produces wealth, and the fish in the pond strive to absorb all the nutrients possible and grow larger and larger. When the bankers decide that harvest time has come, they suddenly trigger a monetary tightening, begin pumping water from the pond, and the fish are left desperately waiting to be caught.

When water began to be pumped and fish netted, only a few financial oligarchs knew that with the establishment of a private central bank, they would be able to control the addition and pumping of water even more easily, and that harvests would become more precise. The growth of the economy and its subsequent decline, the accumulation of wealth and its subsequent evaporation, are the methodical results of a form of scientific breeding.

Morgan and the international bankers calculated the results of this financial hurricane with precision. First, they would cause tremors in American society to demonstrate the vulnerability of a society without a central bank. Then, they would freeze out small and medium-sized competitors, particularly the investment trust companies that the bankers distrusted, and annex them. (In the process, they could also take over some long-coveted large companies.)

Investment trustees benefited from very loose regulations at the time and pursued many professional activities that banks did not control. This state of affairs led to an excessive absorption of share capital and investments in high-risk industries or the stock market.

When the crisis erupted in October 1907, about half of bank loans had been invested by credit and investment companies, either in the stock market or in high-yield junk bonds. The entire financial market had fallen into a state of extreme speculation.

For several months before the crisis, Morgan "vacated" between London and Paris; he returned to the United States only after careful planning by international bankers. A rumor spread in New York that *Knickerbocker Trust,* the third largest trust company, was bankrupt and that this threatened to affect all New Yorkers.

Terrified, people queue all night outside trust companies to withdraw their deposits. The banks then demand immediate repayment. The companies, under pressure from both sides, grant margin loans(88) with interest rates as high as 150 *%.*
On October 24, stock market trading came to a virtual standstill. Morgan then appeared, portraying the image of a savior.

When the president of the New York Stock Exchange went to Morgan's office, his voice trembling, to ask for help, Morgan replied that if $25 million could not be raised by 3:00 p.m., at least fifty brokers would go bankrupt and there would be no choice but to close the exchange. At 2:00 p.m., Morgan urgently summoned the bankers, and in sixteen minutes, they managed to raise enough money.

Morgan sent someone to the stock exchange to announce that the interest rate on this loan was set at 10 %. The stock exchange cheered. Within a day, the relief funds were exhausted and interest rates skyrocketed. Eight banks and trust companies were forced to close. Morgan requested the issuance of notes as a temporary currency to deal with the shortage.

On Saturday, November 2, Morgan put into action his carefully planned plan to "save" Moore *& Schley,* which was in critical condition. Burdened by a $25 million debt, it was close to collapse. But it was also the *Tennessee Coal and Iron Company* 's largest creditor , and if it ever went bankrupt, the stock market would collapse, with catastrophic consequences.

Morgan invited the biggest names in New York's financial circles to gather in his library. The commercial bankers sat in the East Room, while the trust company executives gathered in the West Room. The financiers, in a state of great anxiety, eagerly awaited Morgan's proposals. He was well aware of the mineral resources, iron and coal, that the *Tennessee Coal and Iron Company* possessed in Tennessee, Alabama, and Georgia.

His takeover would certainly strengthen the monopoly of Morgan's company, *the US Steel Corporation.* But, under the constraint of the
Antitrust law, Morgan could not, until now, seize the opportunity. However, the crisis will create a rare merger opportunity.

Morgan sets his conditions: (1) the trust companies must raise $25 million to avoid collapse and thus save *Moore & Schley* and the entire trust industry; (2) *U.S. Steel Corporation* will buy back the debts of the *Tennessee Coal and Iron Company.* Anxiety, irritability, the pressure of bankruptcy, and the extreme fatigue of the night's vigil lead the trust company presidents to rely on Morgan.

Machine Translated by Google

After taking over the *Tennessee Coal and Iron Company,* Morgan, laughing his head off, had only one last obstacle to overcome: President Roosevelt, who was fiercely opposed to monopolies. On the evening of Sunday, November 3, Morgan sent a few messengers to Washington to obtain the President's approval before the stock market opened on Monday morning. Panic caused many businesses to close. The anger of tens of thousands of people who had seen their entire life savings evaporate overnight caused a massive crisis in the system.

Roosevelt could only resort to Morgan to stabilize the general situation and found himself forced to sign the agreement at the last moment. The stock market opens in five minutes! It's starting to rise again right after the news... Morgan bought the *Tennessee Coal and Iron Company* for a paltry price – $45 million – and John Moody said the potential value was at least $1 billion.(89)

As usual, the outbreak of the financial crisis was long premeditated and a dazzling new financial edifice appeared on the ruins of bankruptcy.

From the gold standard to fiat money(90) ; paradigm shift in the banking world

At the end of the 19th century, international bankers made a great leap forward in their understanding of the workings of money. The Bank of England's original modus operandi was to issue money on the basis of public debt, carry out government borrowing, issue and issue more money, ensuring that the debt continued to grow, and with it, the bankers' enormous profits.

Under the gold standard, bankers firmly countered inflation, as any devaluation directly affected their interest-generated income. Earning money by lending at interest is still a somewhat primitive method, the main drawback of which lies in the slow rate of wealth accumulation, even using the fractional reserve system.

Of course, this is far from enough to satisfy the bankers' voracious appetite. Gold and silver prices are slowly rising, which amounts to setting a limit on the total amount of bank credit.

Bankers in the 19th and 20th centuries developed a more complex and efficient system of fiat money. This system freed itself from the rigid constraints of gold and silver to organize credit, and monetary control became more flexible and secretive. When bankers began to realize that generating income through an unlimited increase in the money supply was far more efficient than eroding interest through inflation, they became the fiercest advocates of fiat money.

With a sudden issue of money, bankers could strip savers of their wealth throughout the country.
Unlike the forced sale of other people's property, inflation is a much more "civilized" system: it is much more discreet and provokes infinitely less resistance among the population.

Under the bankers' leadership, the inflationary economy was steered like a mathematical game. The increase in the number of banknotes in circulation, leading to monetary inflation, was replaced by the theory of generalized price inflation. At that time, in addition to the fractional reserve system, bankers thus had a new tool with which to enrich themselves: inflation. From then on, the bankers radically changed their discourse and, from fierce defenders of the gold standard, they transformed themselves into its detractors. Keynes expressed this clearly:

Using this method, the government can secretly and imperceptibly confiscate the people's property; even one person in a million would not be aware of this theft.

To be more precise, when the United States used this method, it was actually the Fed and not the government…

The signal for the 1912 presidential elections

" *On Tuesday, Mr. Woodrow Wilson will be elected Governor of your State (New Jersey). He will not complete his term. In November 1912, he will be elected President of the United States. In March 1917, he will be re-elected. He will be one of the greatest presidents in the history of the United States.*

Rabbi Wise's Speech
in New Jersey, 1910.

Rabbi Wise, who would become close to President Wilson, accurately predicted the outcome of the presidential election two (and even six) years in advance. This wasn't because he possessed a crystal ball, but rather the result of banker planning.
Contrary to what international bankers had anticipated, the banking crisis of 1907 profoundly shocked American society.

The population was angry with trust companies and feared the financial oligarchy in Washington. A wave of political protest against their monopoly swept across the country. Woodrow Wilson, president of Princeton University, was a well-known activist for his opposition to financial monopoly. Vanderlip, president of the National City Bank, declared:

I wrote a letter inviting Mr. Wilson of Princeton to a dinner and to deliver a speech. To let him know that it was an important occasion, I mentioned that Senator Aldrich was also invited and that he too would be delivering a speech. My friend Dr. Wilson's reply surprised me: he informed me that he would not be delivering a speech from the same podium as Senator Aldrich.(91)

Senator Nelson Aldrich had a very long arm. He had a forty-year career in Congress, a senator for 36, and was the powerful chairman of the Senate Finance Committee. John D. Rockefeller's father-in-law, he was a close associate of Washington bankers. In 1908, he proposed that in an emergency, banks could issue currency, and that railroad and government bonds (national, state, and local) could serve as collateral.

In this configuration, the risk was borne by the government and the people, while the profits went solely to the bankers. Insiders could only admire Wall Street's maneuvers. This law was called *the Emergency Currency Act,* which five years later led to the *Federal Reserve Act.* Aldrich was then considered the bankers' spokesman.

Machine Translated by Google

Woodrow Wilson, who graduated from Princeton University in 1879, went on to study law at the University of Virginia. In 1886, he received his doctorate from Johns Hopkins University and, in 1902, became president of Princeton University. The pedantic Wilson was famous for his diatribes against the banking oligarchy. His academic successes and idealism, however, were not enough to compensate for his enormous gaps in financial theory. In fact, he understood nothing at all about the practicalities of the Wall Street world.

For their part, the bankers greatly appreciated being able to use Wilson to advance under cover. He was a public figure and a well-known campaigner against financial monopoly, who possessed a pure and fresh image, a rare diamond in the rough. The bankers bet a large sum of money on him, and he was carefully "sculpted" and "shaped" for better use.

His approach was facilitated by one Cleveland Dodge, director of the *National City Bank* of New York, and a former classmate of Wilson's at Princeton University. When Wilson ascended rather easily to the position of president of the university in 1902, it was actually thanks to the help of the wealthy and powerful Dodge. Soon after, Dodge began spreading rumors in Washington that Wilson would make a good president for the country.

A university president with only a few years of experience was then hailed as a serious presidential candidate.
Wilson hid his joy, especially since he now understood the price to pay for becoming a star, namely discreetly making a pact with Wall Street. Indeed, thanks to the sponsorship of New York's financial heavyweights, Wilson was elected governor of New Jersey in 1910.

Although he continues to publicly criticize the bankers' monopoly, he now knows that he owes them his current position and his future in politics. In gratitude, the bankers' attacks on him are surprisingly tolerant and moderate, with both sides displaying a subtle, tacit understanding.

Wilson's reputation grew as bankers funded his presidential campaign. Dodge set up a fundraising office for his friend at 42 Broadway. He also created a campaign account for him and deposited his first check for a thousand dollars.
Wilson quickly received a large amount of funding from the banking lobby, two-thirds of which came from the seven big names on Wall Street.(92)

After being nominated, he had difficulty calming his excitement and, in a letter to Dodge, wrote: "My joy is inexpressible." From then on, he found himself entirely in the hands of the bankers. As the Democratic candidate, the party's great hopes rested on his shoulders, as he had not held the presidency for many years and whose thirst for power was as strong as Wilson's. Wilson's competitor was the incumbent President William H. Taft, who was much better known at the time, giving him an undeniable advantage.

When the self-righteous Taft, who had no doubt he would be re-elected, refused to give the green light to Aldrich's bill, a strange and unprecedented event occurred: Taft's Republican predecessor, Theodore Roosevelt, returned to the forefront and decided to run for president by creating a third party. For Taft, whom Roosevelt himself had chosen as his successor, this was very bad news.

Indeed, Roosevelt had built a solid public reputation thanks to his anti-monopoly policies, notably through the dismantling of *Northern Securities.* Its sudden reappearance on the scene plunged Taft into deep embarrassment.

In fact, all three candidates had the support of the bankers, but they secretly favored Wilson. In addition to the Wall Street machinations, Roosevelt inflicted heavy losses on Taft "in the process." Wilson had a clear path to victory, and he won the election easily. Just as in the 1992 presidential election, when Ross Perot snatched a large number of votes from Bush Sr. and ensured Bill Clinton's victory...

Plan B

The banking giants had devised top-secret plans at Jekyll Island. With unparalleled professional instincts, they had actually prepared two plans. The first was the one Senator Aldrich was in charge of. It was necessary to deceive and attract the power of the opposition. The Republican Party supported Aldrich's plan.

The other plan, called Plan B, turned out to be the real direction. It was the future *Federal Reserve Act,* the main driving force of the Democratic Party. In fact, there was no essential difference between the two plans; only the wording gave the illusion of divergence.

The presidential election revolved around the goals of this core group of people and the expansion of their influence. Aldrich's connections to Wall Street were well known, which naturally did not sit well with the public. Any reforms the senator sought to undertake would be doomed to failure. Moreover, the Democratic Party, long out of power, was sharply critical of the financial monopoly.

Adding to this Wilson's image of renewal, the *Federal Reserve Act* had a better chance of being passed if it was led by Democrats. The 1907 crisis had subtly introduced a bipartisan consensus on the necessary reform of the financial system. Second, to better embrace and deceive public opinion, the bankers had to sacrifice the Republican Party in favor of the Democratic Party.

To sow confusion, the bankers devised an ingenious ruse: they pushed the two political parties to attack each other, even though they were actually supporting the same content. Senator Aldrich took the lead in this pseudo-battle, accusing the Democratic Party of being hostile to the banks, claiming that any policies that deviated from the gold standard posed a threat not only to the banks, but also to the government. On October 23, 1913, The Nation magazine wrote:

Mr. Aldrich was furious about the government issuing money not backed by gold, even though that was precisely his plan with the Emergency Currency Act of 1908. He also knew precisely that the government had nothing to do with the issuing of money, and that it was the Federal Reserve Board that controlled it.

The Democratic Party's accusation against Aldrich's plan influenced public opinion, which began to believe that the senator supported the interests of the bankers and the financial monopoly, when the Democrats' Federal Reserve proposal, on the contrary, sought to break this monopoly.

The Democratic Party successfully pushed through the idea of a "decentralized" central bank in separate regions, with separate powers, with presidential appointment, congressional approval, and a limited role for banks, whose interactions would be limited to sharing their expertise. Wilson, who understood nothing about finance, probably believed this proposal would break Wall Street's financial monopoly.

Machine Translated by Google

Thanks to the staged accusations and opposition against Aldrich, Vanderlip, and Wall Street, the Democratic Party's *Federal Reserve Act* gained public favor. Pretending to follow one specific path, but secretly pursuing another, the scheme successfully fooled the public into believing in a miracle.

The Fed's Bill: Bankers' Dream Come True

Plan B was officially launched in the House of Representatives on June 26, 1913, by Virginia Senator Carter Glass, himself a banker, just three months after the newly elected President Wilson took office. The *Glass Bill* deliberately avoided the use of the term "central bank" and replaced it with "Federal Reserve."

On September 18, the bill passed the House of Representatives by a vote of 287 to 85. After being referred to the Senate, the bill was renamed the *Glass-Owen Bill,* after Robert L. Owen, also a banker. The new bill was passed on December 19. At that point, the two chambers' proposals contained more than forty differences.

No important law can be passed a week before Christmas. Normally, it has to wait until the following year to be discussed. Most of the parliamentarians opposed to the bill therefore returned home one after the other to spend the holidays there.

Paul Warburg, who was directing operations directly on the battlefield from a temporary office opened in the Capitol, recognized the opportunity of a lifetime in the opening and launched a blitzkrieg. Groups of members of Congress paraded through his office for hours.

On the evening of Saturday, December 20, the two chambers met to discuss their differences over the bill to be adopted. At that time, the mood in Congress suggested that the *Federal Reserve Act* would pass before Christmas at all costs. On December 17, the White House even announced that it already had a list of Fed directors, but by the evening of the 20th, none of the many disagreements had been resolved.

Passing the bill before December 22 seemed impossible. Under pressure from the bankers, the meeting continued on Sunday, the 21st, and it was decided that the session would not adjourn until disagreements persisted. Late that night, the two chambers had still not reached an agreement on the most important issues.

Among the points of contention were the following questions: defining the exact number of regional Fed banks, how to back the reserve and its proportion of gold, the nature of the settlements of domestic and international trade, whether the currency issued by the Fed could become the reserve of commercial banks, the proportion of government bonds that would serve as collateral for the issue of Fed currency, and the treatment of inflation.(93)

Sunday the 21st was a stressful day, and on Monday the 22nd, the *New York Times* ran the headline: "Currency Proposal May Become Law Today." The article praised the efficiency of Congress: "In record time, the two houses made a joint review of the proposal, which was completed this morning." By "morning," this article meant a time between 1:30 and 4:00 a.m. on Monday morning.

The bill, which would affect the daily lives of all Americans, was passed with incredible haste and pressure. The vast majority of members of Congress simply didn't have time to read it in detail, much less propose amendments or revise anything.

On December 22nd at 4:30 a.m., the final document was sent to print. At exactly 7:00 a.m., it was proofread. By 2:00 p.m., the printed document was on the tables of the members of Congress, who were told that a meeting would be held at 4:00 p.m. At exactly 6:00 p.m., the final report of the joint conference was submitted, and by this time, only a few congressmen remained, most of them having already left for dinner. At 7:30 p.m., Glass began a twenty-minute speech, then got down to business. At 11:00 p.m., the vote began, and the House of Representatives finally adopted the proposal by a vote of 298 to 60.

On the 23rd, two days before Christmas, the Senate passed the *Federal Reserve Act* by a majority of 43 to 25 (27 absent). Barely an hour later, Wilson affixed the President's signature and gave the executive branch's approval to the bill, in accordance with the bankers' plan. Wall Street and the City were jubilant. Congressman Lindbergh declared that day before the House of Representatives:

> *This law established the most gigantic trust on Earth. When the President (Wilson) signs this bill, the invisible government of the money power will be legalized. The people may not know it immediately, but the day they will realize it will come in a few years. The trusts will soon realize that they have gone too far, even for their own good. The people must make a declaration of independence to free themselves from the power of money. This they can do by taking control of Congress. Wall Street could not deceive us if you, Senators and Representatives, had not made Congress a sham. The greatest crime of Congress is its money system. The worst legislative crime of all time is perpetrated by this banking law. The caucus and party leaders have again acted in such a way as to prevent the people from obtaining benefits from their own government.(94)*

Bankers gave rave reviews of the law, and the president of *the American National Bank,* Olivier Sand, enthused:

> *This monetary law will have beneficial effects on the entire country and will be conducive to commercial activities. My opinion is that this is the beginning of an era of general prosperity.*

In an interview with *The Independent* magazine in July 1914, the Fed's founder, Senator Aldrich, stated: " *Before the Federal Reserve Act, New York bankers could only control the funds of the New York area. Now they can dominate the reserves of the whole country."*

After more than a century of battling the U.S. government, the international bankers finally achieved their goal. They obtained full powers over the issue of currency. The exact copy of the Bank of England was finally established in the United States.

What does the Fed own?

Machine Translated by Google

For years, a secret has been closely guarded: the name of the true owners of the Federal Reserve. The Fed itself is ambiguous about this. subject. As at the Bank of England, shareholders remain strictly confidential. MP Wright Patman was, for forty years, the chairman of the parliamentary committee on financial services.(95)

For half of his term, he constantly called for the abolition of the Fed and tried in vain to discover who owned it. This secret was pierced by Eustace Mullins, the author of *Secrets of the Federal Reserve,* who after half a century of research found the first operating licenses of the twelve regional Federal Reserve Banks, in which all the shareholders.

The Federal Reserve Bank of New York exercises effective control over the entire system. On May 19, 1914, a document filed to the *Comptroller of Currency,* the financial controller responsible for the currency, indicated that a total of 203,053 shares had been issued.

The *Rockefeller and Kuhn, Loeb & Company* banks , both controlled by the *National City Bank* of New York, owned the largest large number of shares, 30,000 between them. *JP Morgan* bank held 15,000 shares. When these companies merged in 1955 to form *Citibank,* the latter owning nearly 25% of the capital of the Federal Reserve Bank of New York. It is she who actually decides on the candidates for the Fed chairmanship, while the nomination by the American President and the hearings in Congress are mere formalities.

Then, Paul Warburg's *National Bank of Commerce* of New York owned 21,000 shares. The *Hanover Bank,* chaired by Rothschild, held 10,200. Finally, *Chase National Bank* held 6,000 shares, as did *Chemical Bank.*

These six banks originally owned 40% of the Federal Reserve Bank of New York and by 1983 their stake had risen to 53 *%.* After an adjustment, the shares were distributed as follows: 15% for *Citibank,* 14% for *Chase Manhattan Bank,* 9% for *Morgan Guaranty Trust,* 7% for *Manufacturers Hanover* and 8% for *Chemical Bank.(96)*

The subscribed capital stock of the Federal Reserve Bank of New York was $143 million, but the mystery remains It is a matter of debate whether these banks actually paid this amount. Some historians believe that they only paid half of the capital in cash.

Others think that they simply wrote a check, that is, a simple entry on their accounts at the Bank of New York Federal Reserve. The Fed's operations actually consist of "using paper as collateral to issue paper money." It is no wonder that historians mock the Federal Reserve, saying that it is neither federal nor a reserve, much less a bank.

On June 15, 1978, the Senate Committee on Governmental Affairs issued a report on the problems raised by the interweaving interests in major American companies. This report showed that the above-mentioned banks held 470 seats in the boards of directors of the 130 largest U.S. companies. On average, bankers held 3.6 board seats of directors of these large companies. Among these banks, *Citibank* held 97 seats, *JP Morgan* 99, *Chemical Bank* 96, *Chase Manhattan Bank* 89 and *Manufacturers Hanover* 89 seats as well.

On September 3, 1914, *The New York Times* published the distribution of the Federal Reserve's

shares: — *National City Bank* held 250,000 shares, including 47,498 shares for James Stillman, 14,500 shares for the firm of J.P. Morgan, 10,000 for William Rockefeller, 1,750 for John D. Rockefeller;

— the *National Bank of Commerce of New York* held 250,000 shares, including 10,000 shares for George Baker, 7,800 for the company of JP Morgan, 5,600 for Mary Harriman, 3,000 for Paul Warburg, 1,000 for Jacob Schiff and 1,000 for JP Morgan Jr;

— George Baker's *Chase Manhattan Bank* held 13,408 shares; — *Hanover*

Bank was split between James Stillman for 4,000 shares and William Rockefeller for 1,540.

Since its creation in 1914, irrefutable facts prove that the Fed manipulates the lifeline of finance, industry, commerce and politics. This was the case in the past and, naturally, it continues today. In addition, Wall Street bankers have always maintained contacts with the Rothschilds in London. Benjamin Strong, chairman of *Bankers Trust,* was chosen as the first Governor of the Federal Reserve Bank of New York.

During his tenure, the Fed established close relationships with the Bank of England and the Bank of France.(97) He remained in this position until his sudden death in 1928. Congress then ordered an investigation into Strong's ongoing, discreet relationship with the banks. European central banks, and from which the great recession of 1929 was to be born.(98)

The first Fed Council

President Wilson later admitted that he had only been allowed to preside over one Fed Board meeting, all other meetings having been placed in the hands of the bankers. When Paul Warburg was appointed to the Board (the Council of Governors), the Senate asked him, in June 1914" to answer a question to clarify the role he had played in drafting the *Federal Reserve Act.*

He categorically refused. In a letter to Congress, he stated that if he were forced to answer any questions, This would influence his activities within the *Board* and that he would still prefer to refuse his appointment. *The New York Times* then claimed that Paul was an idealist and, in his July 10, 1914 edition, criticized the Senate for asking Paul questions without reason.

Paul Warburg was naturally the central figure in the Federal Reserve System and feared more than anything that its true workings would be exposed. Faced with his recalcitrant attitude, Congress bowed: it simply proposed a list of questions, leaving Warburg the choice. to answer those he considered to have no impact on his duties. Paul reluctantly agreed and requested an informal meeting.

The commission asked: "I know you are a Republican, but you supported Wilson's presidential campaign, which is Democrat." Paul replied laconically, "Yes." The committee asked, "But your brother Felix Warburg supported Taft (republican)? » To which Paul again replied with a simple “Yes ”.**(99)**

Machine Translated by Google

Interestingly, the three partners of *Kuhn, Loeb & Company* each supported a different candidate; for example, Otto Kahn supported Theodore Roosevelt. Paul explained that the bank's partners did not interfere with each other's political ideals because "finance and politics are independent." Paul Warburg passed the auditions without incident, and the first board meeting was held. He later became vice chairman of the *Board.* In addition to Paul, the four members of the Board of Governors were:

— Adolph Miller, economist, of the Rockefeller-funded University of Chicago and Morgan-funded Harvard University; — Charles Hamlin, former Assistant Secretary of the Treasury; — Frederick Delano, Roosevelt relative, railroad banker; — W.P.G. Harding, president of the *First National Bank* of Atlanta.

President Wilson himself appointed Thomas Jones, but journalists discovered that he was under indictment by the American courts, and Jones withdrew himself. The other two members were the Secretary of the Treasury and the Comptroller of the Currency.

The Unknown Federal Advisory Committee

The Federal Advisory Committee was a remote control system meticulously designed by Paul Warburg to enable him to manipulate the Fed's Board of Governors. From the beginning, this Committee did nothing but perfectly carry out Paul's ideas, with almost no one paying attention to its operation. In 1913, Carter Glass, the senator from Virginia, advocated and energetically promoted the Federal Advisory Committee's design in these words:

There can be nothing wrong with that. Four times a year, the Board of Governors meets with the Federal Advisory Committee, and each member represents their regional Federal Reserve Bank. What could be better to protect the public's interests?

However, neither Glass, who was also a banker, nor his colleagues ever provided any evidence of their attempts to protect the interests of the American people…

Officially, the Federal Advisory Committee was to elect twelve representatives from each of the regional banks and hold meetings with the Board of Governors four times a year in Washington, D.C., at which the bankers would advise the governors. Each banker would represent the economic interests of a particular region, and each would have equal voting rights.

The theory was perfect, but the cruel reality was quite different. It's hard to imagine that a small banker from Cincinnati was allowed to sit around a table with Warburg and Morgan to advise them on monetary policy. Indeed, all it took was one of them to scribble an order on a piece of paper for the small banker to find himself bankrupt.

In fact, the survival of the "small fish" depended entirely on the goodwill of the " *big five ,"* the five giants of New York. These five giants intentionally transferred their transactions with European banks to their "satellite banks." These satellite banks, benefiting from such high-yield business, became all the more servile, and the five giants also held shares in their banks.

One can only imagine the results of the discussions on American monetary policy between these small banks "representing regional interests" and the five giants.

Although the "advice" of the Federal Advisory Committee was not necessarily carried out by the governors, the five giants of Wall Street visited Washington four times a year, without respite, and probably not for coffee. Men like Morgan, extremely busy with the administration of sixty-three companies, would not have returned there tirelessly if their "advice" had not been seriously studied.

Conclusion

"The vast majority of Americans do not understand how international lenders operate. The accounts of the The Federal Reserve has never been audited. It operates outside the scope of congressional oversight and manipulates the credit of the United States.

Barry Goldwater, Senator.

" *They know how to create a panic movement to get the most out of it. At the same time, they know when to stop the panic. By controlling financial flows, they cause inflation or deflation, and they achieve their goals."*

Charles Lindbergh, Congressman.

“ Every *Federal Reserve dollar bill in circulation represents one dollar of debt held by the Fed."*

Monetary Report of the House of Representatives Banking and Currency Committee.

“ The *Fed's regional banks are not government structures, they are private; they are private companies, locally controlled.*

John L. Lewis, 1982.

" *The Federal Reserve is one of the most corrupt institutions in the world. Of all those who can understand what I'm saying, no one should be unaware that our country is actually run by international bankers. Some people think that the Federal Reserve*

Machine Translated by Google

is a state agency. They are not a state agency. They are people who have a monopoly on credit. They exploit the American people for their own interests and those of foreign crooks."

Congressman Louis T. McFadden.

" *When you and I write a check, our account must contain enough money to cover the amount, but when the Reserve The Federal Government issues a check, it creates money.*

Federal Reserve Bank of Boston.

" *From 1913 to 1949, the Fed's assets increased from $143 million to $45 billion, which went directly into the pockets of shareholders.*

Eustace Mullins.

To boost stock prices, the Fed lowered interest rates, expanded credit, and stimulated a booming stock market. As industry and commerce adjusted to this environment, the Fed raised interest rates to end the prosperity. Through minor adjustments in interest rates, the Fed and its leaders gently rippled stock prices, but they did so also fluctuate radically by sudden rate changes.

In any case, the Federal Reserve had inside information that allowed it to anticipate the coming changes. A dangerous capacity for foresight about market developments was becoming the preserve of a privileged few. A system entirely private, escaping any state regulation, was born, whose goal was to use other people's money to rake in as much as possible of profits.

There are so many Presidents who have repeatedly warned against the power of money! So many sessions in Congress and legal cases that have incontestably demonstrated the private nature of the Federal Reserve! But how many Americans, how many Chinese and people in other countries know this? This is the most frightening side of the problem.

We think the "free and fair" Western media is telling us the whole truth, but the truth is that it has deliberately filtered most of the facts. And what about North American textbooks? They are private foundations owned by bankers, and which sometimes even bear their name, who choose the “healthy content” of school books for future generations.

Before his death, Wilson reportedly admitted that he had been misled about the Fed. Overwhelmed with guilt, he reportedly said, "I have unwittingly destroyed my country." And at the very moment the Fed was taking its first steps, on October 25, 1914, World War I was breaking out across the Atlantic. Another moment of pure coincidence for the shareholders of the Federal Reserve, but above all a prospect of new profits, as on every occasion of conflict!

Machine Translated by Google

4
THE “ HARVESTING SEASON ”

“[…] the real threat to our republic is this invisible government that, like a giant octopus, looms over our cities, our state, and our nation. Like the real-life octopus, it operates from behind a screen of its own creation. It grasps in its long, powerful tentacles our business leaders, our legislatures, our schools, our courts, our newspapers, and every agency created to protect the public. […]

"To avoid a simple generalization, I will say that at the head of this octopus are the Rockefeller-Standard Oil interests and a small group of powerful banking houses, generally referred to as 'the international bankers.' This small circle of powerful international bankers virtually runs the United States government for their own selfish purposes.

“They virtually control both parties, write their political platforms, manipulate their leaders, use the men who are at the head of private organizations, and resort to every means to place as candidates for the highest public offices only those people who can be subject to the orders of corrupt big business. […]

"These international bankers and the Rockefeller-Standard Oil interests control the majority of the newspapers and magazines in this country. They use their columns to force into submission or resignation public officials who refuse to obey the orders of these powerful, corrupt cliques who make up the invisible government." **(100)**

John Hylan,
Mayor of New York, 1922.

Waging war has a cost. The longer the conflict, the more money it costs, obviously. The question is, who spends whose money?
Since European and American governments lack the power to issue their own currency, they can only borrow. During a war, consumption of goods plummets, forcing the warring states to spend everything they possess to stay afloat, with governments willingly sacrificing everything to raise funds from bankers.

Under these conditions, it is not surprising that bankers have war in their hearts. They are the ones who plan wars,
provoke and finance them. The luxury buildings of international bankers have always been built on ruins.

Another way to make money is to cause a recession. First, expand credit, then burst the bubble, wait for the public to rage, and finally cut off financing to trigger an economic recession and an asset collapse.

When the price of quality assets falls to 10% of their initial price, or even to 1 %, bankers buy them back for nothing; in their terminology, they call this "sheep shearing." After the invention of private central banking, the intensity and scope of "sheep shearing" reached an unprecedented level.

A recent shearing took place in 1997 on the Asian "little dragons" and "little tigers." Will the big sheep that is China be able to avoid being sheared? It will depend on the Chinese's ability to learn from the shocking episodes of sheep shearing that have already taken place in history. Since foreign banks entered China, the danger is real.

Chinese state-owned banks have previously caused inflation to make profits, but they did not harbor the malicious intent of also causing deflation to commit a massacre on the population's wealth. Since its inception, China has never experienced a major economic crisis, because no one has ever had either the objective capacity or the subjective malevolent intent to create an economic crisis. With the entry of international bankers into Chinese territory, the situation has changed radically.

The Fed, responsible for the First World War

In his book *Diplomacy,* Henry Kissinger speaks of the outbreak of the First World War in terms that may leave a lasting impression.
strange impression to his readers:

*The most astonishing thing about the outbreak of the First World War was not that a crisis simpler than any that had been overcome so far ended up triggering a global catastrophe, but that it did not happen sooner .****(101)***

On June 28, 1914, Archduke Ferdinand, heir to the Habsburg throne, visited Bosnia, which had been annexed by Austria in 1908. He was assassinated there by a young Serb. It was a premeditated act of terrorism, and no one could have imagined that it would spark a world war involving more than thirty countries and 1.5 billion people, more than thirty million of whom would lose their lives.

Since the Franco-Prussian War, Germany and France had become enemies. When the United Kingdom began to emerge from its splendid isolation, Germany found itself in a position of strength and France in a position of weakness. Germany was the most powerful country in Europe and would become the scourge of the United Kingdom if not contained.

The United Kingdom entered into the Triple Entente with France and Russia to counter Germany and Austria. Two opposing coalitions were thus formed. Both sides continually strengthened their armies to keep a large part of them permanently active, and this is why the respective governments sank into the quagmire of debt:

Machine Translated by Google

A detailed report on the public debt in Europe shows that interest payments and principal repayments reached $5.343 billion annually. The finances of the various countries of Europe were trapped. Governments could not help but wonder if war was not an option worth considering, despite the terrible risks, because peace was costly and unstable. If military preparations did not lead to war, then governments would certainly go bankrupt. (102)

Between 1887 and 1914, there was an unstable and precarious peace, with governments armed to the teeth and on the verge of bankruptcy, continuing to look at each other with anger. As the saying goes: "When guns boom, money clangs." The European banking system, overseen by the Rothschilds, who lent to all belligerents, contributed to this military confrontation.

By 1914, however, it became clear to everyone that these countries could not afford a large-scale war. Although they had modern armies and the mobilization of conscripts was ongoing, their budgetary situations did not allow them to bear the enormous costs that war would entail. This was notably what the Tsar's Privy Councilor thought in February 1914:

There is no doubt that the war will require expenditures that exceed Russia's limited financial resources. We will have to obtain credits from allied and neutral countries, but they will not be given to us free of charge. As for what would happen if the war had a disastrous outcome for us, I do not wish to discuss it now. The financial and economic consequences of a defeat cannot be calculated or even estimated, and will obviously mean the total collapse of our entire national economy. But even victory promises us extremely unfavorable financial prospects; a completely ruined Germany will not be able to compensate for the cost of the war. Dictated to serve the interests of England, the peace treaty will not enable Germany to restore her economy sufficiently to cover what the war will have cost us, even in the long run.(103)

In such a configuration, where everyone clearly understands what they stand to lose, a large-scale conflict is unthinkable. If war is declared anyway, it can only be partial, short-lived, and of low intensity, like the Franco-Prussian War of 1870, which lasted ten months. This kind of limited war can relieve tension, but not completely calm it. Despite an unstable and costly peace, the declaration of war had to be postponed, at least until the creation of the Federal Reserve.

Across the Atlantic, the United States had become the leading industrial power. However, until 1913, its economy still had to borrow abroad, *effectively* ruling out becoming the main creditor itself. In the absence of a central bank, New York bankers therefore had great difficulty increasing the mobilization of credit. By nature, bankers have an interest in supporting wars on the largest possible scale, as they generate enormous profits.

As soon as the *Federal Reserve Act was passed,* they took action. On August 3, 1914, the Rothschild bank in France transmitted a message to Morgan recommending that he make $100 million in credit available to France to purchase equipment in the United States. Upon hearing this, Wilson objected, and his Secretary of State, William Jennings Bryan, condemned the loan as "the worst kind of smuggling."

Politically and economically, the Germans got along well with the Americans. At the time, eight million Americans, or about 10% of the total population, had close German ancestry. When the country was founded, German even came close to becoming the official language, due to the demographic and political weight of German-speaking immigrants. Add to this the weight of Irish immigrants who were rather anti-English and an American government that was repeatedly in conflict with England, and it's understandable why the United States remained in the background at the start of the war.

Compared to the ever-pressing bankers, the American government appeared to be exercising restraint and composure. The banking lobby actively advocated for a declaration of war against Germany, but the staunchly anti-war government managed to maintain strict neutrality. At this point, the bankers implemented a two-step temporary

measure: first, the sale of bonds; then, the allocation of loans to the Allies to purchase American equipment. At first, Wilson agreed only to grant loans to the Allies, but under pressure from the bankers and in view of the upcoming presidential elections in which he was seeking a second term, he eventually came around to their position entirely.

The *Federal Reserve Act* was enacted on December 23, 1913, and, as Henry Kissinger noted, the conditions for launching a world war, after being repeatedly postponed, were finally in place. On November 16, 1914, the Federal Reserve became operational. On December 16, Davidson, Morgan's right-hand man, traveled to England to discuss the issue of American loans with British Prime Minister Herbert H. Asquith.

On January 15, 1915, Morgan signed a credit agreement with England for ten million pounds, a considerable sum at the time. No one expected the total loan amount to reach three billion dollars! Morgan's bank received 1% for the legal costs, which meant thirty million dollars that ended up in its pockets. Morgan literally "stuffed" himself with the war: in the spring of the same year, he signed another credit agreement with the French government.

In September 1915, Wall Street was about to become the financial center of the world. The Anglo-French loan of $500 million was officially launched. President Wilson was strongly opposed, but his new Secretary of State, Robert Lansing, warned him that without this loan,

The result will be a limitation of production, an industrial recession, dormant capital and unemployed labor, numerous bankruptcies, financial demoralization, widespread unrest, and the suffering of the working classes.(104)

Wilson broke out in a cold sweat and made concessions. For this unprecedented bond sale, Wall Street bankers used with all their skill so that 61 subscribers and 1,570 financial organizations join the sales.(105)

It was a most arduous task, especially for the sale of these bonds in the Midwest. Americans wanted nothing to do with the war in Europe and therefore had no intention of investing a single dollar there. To dispel indifference and distrust, the bankers insisted that the money would remain in the United States.

But despite an intense publicity campaign, only one Midwestern bank, in Chicago, agreed to join Wall Street's camp. Furious, local savers from Germany launched a boycott against the bank. By the end of 1915, the amount of unsold bonds stood at $187 million.

In order to take advantage of the most critical moment of the war, the British government announced that it would tax the income from interest on American bonds, which prompted the English to sell them immediately and at low prices. The Bank of England was

Machine Translated by Google

soon saturated with American bonds and the British government immediately asked their American agent, the Morgan company, to sell all of these bonds on Wall Street.

The Americans' acceptance of American bonds was a given. These $3 billion in bonds quickly turned into cash, and England raised a significant sum of money to support the war effort. However, England's creditor status with the United States, which had been in effect for over a hundred years, disappeared. Financial relations between the two countries were disrupted.

Meanwhile, the war continued to spread and wreak havoc. At the Battle of the Marne alone, the Allies fired 200,000 shells. And humanity experienced the tragic and painful reality of modern warfare: the modernization of logistics, industrial production, and financial resources.

The Fed, the great manipulator in times of war...

It was when he became president of *Bankers Trust* in 1904 that Benjamin Strong began to attract attention. At the time, Davidson, Morgan's right-hand man, was increasingly concerned about the growing power of trust companies. Their scope of activity was broader and less regulated than that of commercial banks; they could thus attract capital with higher interest rates.

To meet this new competition, Davidson, on Morgan's orders, entered the trust business and took on Strong as his right-hand man. During the ensuing monetary storm of 1907, *Bankers Trust* joined in the rescue of other financial institutions, and this brought Strong great renown.

After the creation of the Federal Reserve in 1913, Davidson and Paul Warburg offered Strong the position of governor of the Federal Reserve Bank of New York. Strong readily accepted. From then on, he became a key figure at the Fed. The designs of Morgan, Warburg, Schiff, and the other Wall Street giants were effectively implemented at the Fed. Strong quickly adapted to his new role and established the informal organization of the Federal Reserve Board, which held regular meetings to discuss wartime policies.

In a jiffy, he manipulated the Fed's monetary policy, and the power dispersed among the twelve regional banks was in fact centralized in New York. The Federal Reserve authorized its 12 regional banks to set their own policy on the discount rate and commercial paper, according to the actual needs of their region. In other words, the boards of directors of the Federal Reserve banks had the right to decide which types of commercial paper could be used as collateral, and to set their discount rate. By 1917, at least thirteen different types of commercial paper were created.(106)

However, because of the war, the Federal Reserve Bank of New York only accelerated the issuance of government bonds to guarantee paper money. Since the amount of the national debt was far greater than the total amount of commercial paper, and since it was growing rapidly, the guarantee policy for other regional banks was marginalized.

With Strong's " *Open Market* Operations (107) ," government bonds were the sole source of collateral, and the entire Federal Reserve system was placed under control. Due to the large-scale issuance of bonds to finance the war in Europe, the dollar money supply shrank, and the power of the central bank began to become a reality.

Government securities issues increased enormously after the United States entered the war in April 1917, and the national debt grew from $1 billion to $25 billion in four years (1916 to 1920).(108) The Fed's appetite had become gargantuan, and the countless banknotes it issued, the *Federal Reserve Notes,* began to flood the country.

Then they resorted to European war bonds, causing monetary tightening. The bonds were backed by future American taxes, with the result that during the war, bankers made money while the people spent their strength and savings.

Wilson's entry into the war for "moral and ethical" reasons

When the German ambassador to Turkey incredulously asked his colleagues why the United States was going to war against Germany, the American ambassador replied: "We are going to war on ethical grounds." This provoked irony from many observers... Henry Kissinger commented:

In its approach to foreign policy, the Wilson Doctrine posits that America is endowed with an exceptional nature expressed in unparalleled virtue and equally unequaled power. The United States was then so sure of its strength and the virtue of its objectives that it could envisage fighting for its values on a global scale.(109)

The experience of the United States is indeed extraordinary. Their democratic values are praised throughout the world, but to claim that they participated in the First World War in the name of ideals and morality was a big step! Kissinger was certainly not fooled, but pretended to believe it. On March 5, 1917, Walter Hines Page, the United States ambassador to England, wrote in a secret letter to President Wilson:

I believe that the pressure of this approaching crisis is now beyond the capacity of Morgan's firm as far as the British and French governments are concerned. The best assistance we could give the Allies would be to extend them credit. Obviously, short of going to war with Germany, our government cannot extend such credit directly.(110)

By this time, American heavy industry had been preparing for war for a year. The Army and Navy had begun purchasing military equipment in 1916. To increase revenue, bankers and their politicians considered additional measures:

This conflict forced the government to extend the principle of income tax. Targeting the only major source of previously untaxed revenue, the tax law taxing all income was enacted in time to meet the demands of the war.(111)

Machine Translated by Google

Note that these were corporate income taxes, not personal income taxes. In 1916, bankers had already attempted to pass a personal income tax bill, an attempt rejected by the Supreme Court. In the United States, personal income taxes have never had any legal basis. On July 28, 2006, in his film America: Freedom *to* Fascism, the acclaimed six-time Oscar-nominated director Aaron Russo showed this grim reality through his lens.

This documentary deeply shocked audiences at the 2006 Cannes Film Festival because it revealed a truth that was very different from the one the media were telling about the government and financial powers. Distributors and broadcasters remained skeptical, as the content seemed so unbelievable. Out of more than 3,000 theaters, only five agreed to show the film. However, it had a huge impact on the Internet: more than a million people downloaded it, and thousands gave it the highest possible rating. **(112)**

On October 13, 1917, President Wilson delivered a major speech: *It is clearly imperative*

that the banking reserves of the United States be fully mobilized. The burden and the privilege [of lending to the Allies] must be shared by all the banking institutions of the country. I believe that the cooperation of the banks at this time is a patriotic duty, and that membership in the Federal Reserve System is an important and unquestionable motive for displaying patriotism.(113)

Wilson, a university professor, was imbued with idealism. And although he was a bit pedantic, he was far from stupid. Above all, he remembered who had propelled him to the White House, and although he didn't believe for a moment in a holy war to "save the world through democracy," he had to return the favor. Moreover, he later admitted that "the world war was a question of economic rivalry."

In fact, the United States granted a loan of three billion dollars to the Allies and advanced six billion dollars in export goods. This exceptional sum was not repaid. If Germany were victorious, the Allied bonds held by the bankers would be worthless, and Morgan, Rockefeller, Paul Warburg, and Schiff spared no effort to involve the United States in the war in order to protect their interests.

The bankers, the real winners of the war...

When the United States entered the war on April 6, 1917, President Wilson entrusted the country to three men who had been present during his presidential campaign: Paul Warburg, who was in charge of supervising the banking system; Bernard Baruch, who was appointed chairman of the War Industries Board; and Eugene Meyer, who was entrusted with the War Finance Corporation.

The Warburg brothers: them again!

Paul Warburg's older brother, Max, headed the German secret service. Paul held the financial decision-making power in the United States, as Vice Chairman of the Federal Reserve. The third of the Warburg brothers, Felix, was a senior partner at *Kuhn, Loeb & Co.*

Finally, the fourth brother, Fritz, presided over the Hamburg Metal Exchange. The four brothers were the leading figures of a large family of Jewish bankers [established in Hamburg since the 17th century – ed.]. Regarding the Warburg brothers, a secret US Navy report stated on December 12, 1918:

Paul Warburg, New York, German, naturalized American in 1911, decorated in 1912 by the Emperor of Germany, vice-president of the Federal Reserve. To a brother who is the head of German intelligence.(114)

Another report mentioned:

One day, the German Emperor (William II) was furious and banged his fist on the table and said to Max: "So, you're always right?!" But afterward, he always listened attentively to Max's opinions on finance.(115)

Surprisingly, Paul resigned from his position at the Fed in 1918, something the report did not mention. After the United States entered the war, knowing that Paul's brother was the head of German intelligence, Paul could theoretically have been accused of intelligence with the enemy, even though, in practice, no one in the United States would have been able to act against him. In June 1918, after his resignation, he wrote a memo to Wilson:

I have two brothers who are bankers in Germany. They naturally served their country to the best of their ability, just as I served ***mine.(116)***

Bernard Baruch: America's Wartime Industrial Tsar

Baruch began his speculative activities in 1896, merging six tobacco companies to create the *Consolidated Tobacco Company.* He then helped the Guggenheim family merge the copper industries. He even cooperated with Harriman to control the New York freight system.

In 1901, he and his brothers founded *Baruch Brothers.* When Wilson appointed him chairman of the War Industries Board in 1917, he immediately used his power of life and death over the industries. His annual purchases amounted to ten billion. He almost single-handedly determined the purchase price of the U.S. government's war materials. In 1935, during congressional hearings, Baruch declared:

President Wilson wrote me a letter authorizing me to take over any industry or plant. There was the president of United States Steel, Judge Gary, with whom we were having problems, and when I showed him this letter, he said, "It would seem that we should settle this," and we settled it.(117)

Machine Translated by Google

Some congressmen expressed doubts about Baruch's qualifications to exercise such omnipotence over industries. They believed he was not an industrialist, as he had never set foot in a factory. He himself confirmed this during the congressional hearings, admitting that he considered himself more of a "speculator."

The *New Yorker* reported that Baruch had made $750,000 in a single day's trading session, relying on false information disseminated by Washington.

Eugene Meyer's War Finance Society

Eugene Meyer's father, who was a partner in the *Lazard Frères bank,* was also driven by an enthusiastic inclination toward public service. He and his old friend and partner Bernard Baruch owned a gold mining company in Alaska, as well as some financial businesses. Eugene Meyer headed the War Finance Corporation, one of whose main missions was to issue U.S. bonds to support the war effort. Nothing frightened the War Finance Corporation's executives more than false accounting.

Later, when Congress ordered an investigation into the Corporation's management, it was discovered to everyone's surprise that it was altering its account books almost every night at a fixed time and handing them over the next day to the Congressional investigator for examination. On two occasions, McFadden's investigations, in 1925 and 1930, revealed anomalies in numerous accounts:

Duplicate bonds, amounting to 2,314 pairs, and duplicate coupons, amounting to 4,698 pairs, varying in value from $50 to $10,000, were converted into cash on July 1, 1924. Some of these duplications resulted from errors, others from fraud.(118)

It is not surprising that after the war, Eugene Meyer was able to purchase *Allied Chemical & Dye Corporation* and, later, The *Washington Post.* Meyer's falsifications in his books, the duplication of government bonds, each with a face value of $10,000, on the principle of "one for the government, one for me," are said to have earned him some tens of millions of dollars.
(119)

Edward Stettinius: The Founder of the Military-Industrial Complex

Edward Stettinius was a meticulous man, obsessed with detail. He had made his fortune as a young man in Chicago speculating in grain and seeds. During the war, Morgan took him under his wing and entrusted him with the Export Department. He was the primary person in charge of arms purchases. During the war, Stettinius became the world's largest arms buyer, with daily purchases reaching $10 million in military supplies, which he insured and shipped to Europe.

He spared no effort to improve the efficiency of transportation and production. Numerous distributors and manufacturers of military equipment flocked to his office at 23 Wall Street. Guards stood at almost every door. His monthly purchasing volume was equivalent to the value of the world's GDP twenty years earlier. The Germans had never imagined that the Americans could change the curve of military industrial production in such a short period of time...

Davidson: Morgan's right-hand man

As a result of his significant contribution to Morgan's empire, his senior partner, Davidson (who was present at the Jekyll Island meeting), was rewarded with the position of President of the American Red Cross War Council in 1917. He now controlled the donations from Americans – $370 million – which made it possible to send Red Cross teams to various fronts.(120)

The Treaty of Versailles: a twenty-year truce

On November 11, 1918, the armistice of the terrible First World War was signed. Defeated Germany was forced to pay reparations totaling $32 billion in principal, plus $500 million in annual interest and a 26% tax on exports.

It lost 13% of its continental territory, all of its overseas colonies, and was prohibited from possessing an army of more than 100,000 men, a fleet of more than 6 warships and offensive weapons such as submarines, aircraft, tanks or heavy artillery.
British Prime Minister David Lloyd George said on this occasion:

We have to pick the pockets of the Germans and extract the money.

But privately he admitted:

The treaty we have drafted opens the way to another war in twenty years. Imposing such conditions on Germany can only lead to two things: Germany will not comply with the treaty and there will be another war.

Moreover, Lord Curzon had a similar view:

This will not bring peace, it is only a twenty-year truce.

As for President Wilson, he declared:

If I were German, I don't think I would have signed this agreement.

Machine Translated by Google

Whether or not the politicians were fully aware of the disastrous consequences of the Treaty of Versailles is secondary, because it was the "advisers" acting behind their backs who really decided! The group of bankers who accompanied Wilson to Paris consisted of chief financial advisor Paul Warburg, Morgan and his lawyer Frank L. Polk, a senior Morgan partner, Thomas Lehman, Bernard Baruch (of the War Finance Corporation), and the Dulles brothers (one of whom would become CIA director and the other Eisenhower's secretary of state).

Sir Philip Sassoon, a direct descendant of the Rothschilds, accompanied the British Prime Minister. George Mandel, whose real name was Louis George Rothschild, accompanied the French Prime Minister, Clemenceau. Representing the German delegation was Paul's brother, Max Warburg.

When international bankers gathered in Paris, the "founding father of Israel," Baron Edmond de Rothschild, gave them a warm welcome and hosted the leading figures of the United States delegation in his luxurious Parisian mansion. The Paris Peace Conference saw a veritable parade of international bankers. After the harvest reaped from the First World War, they easily sowed the seeds of the Second.

Sheep Shearing and the US Agricultural Recession of 1921

" On *September 1 , 1894, we will not renew our loans under any circumstances. On September 1 , we will demand our money back. We will foreclose on property and become mortgagees. We may also take two-thirds of the farms west of the Mississippi, as well as thousands of farms east of the Mississippi, at any price we shall fix… We may as well own three-quarters of the farms in the West and the money in the country. Thus, the farmers will become tenants, as in England…"*

American Bankers Association, 1891, as recorded in the US Congressional Records, April 29, 1913.

In the jargon of the small world of high finance, "sheep shearing" means taking advantage of the opportunities offered by economic prosperity and recession to buy up other people's possessions at bargain prices. When bankers had the power to mint money, the boom and bust phases could be precisely controlled. "Sheep shearing" is equivalent to moving from the hunter-gatherer stage to high-yield scientific animal husbandry.

World War I brought great prosperity to the United States. The large-scale acquisition of war materials stimulated various manufacturing and service sectors. Between 1914 and 1920, the Federal Reserve injected significant amounts of money into the economy. The Fed's interest rates fell from 6% in 1914 to 3% in 1916, and remained at that level until 1920.

To provide loans to the Allies in Europe, bankers began issuing large-scale bonds, known as the *Liberty Bond ,* on four occasions in 1917 and 1918, with interest rates ranging from 3.5% to 4.5 %. The purpose of issuing these bonds was to absorb the excess credit and money in circulation.

During the war, workers' wages increased, as did the price of agricultural commodities. Overall, the economic situation of the working class improved. By the time of the armistice, farmers had made a lot of money, which was beyond Wall Street's control. By tradition, farmers in the Midwest usually kept their savings in local banks.

These small and medium-sized banks were generally opposed to the international bankers and were not part of the Federal Reserve System, nor did they support the war loans to Europe. The big New York banks had long been waiting for an opportunity to inflict a correction on this herd of boors, which was added to that of farmers, and prepared to "shear the sheep." Wall Street applied as a technique what one might call "letting the reins go on purpose to reap more later."

This was the origin of the *Federal Farm Loan Board ,* which aimed to encourage farmers to invest their hard-earned money in purchasing new land. This organization would provide long-term loans, which farmers wanted at the time. Many of them took out long-term loans from international bankers and also made a large initial down payment. At this point, the farmers were unaware that they had just walked into a carefully designed trap.

In April, May, June, and July 1920, industry and commerce received additional credit to help them through the coming credit crunch. Only the farmers' requests were rejected. It was a well-thought-out plan by Wall Street: a "controlled demolition," or "controlled explosion," aimed at plundering farmers' wealth and destroying the small and medium-sized banks that had refused to obey the Federal Reserve. Owen, the chairman of the Senate Banking and Finance Committee, testified in 1939 at the Senate monetary hearings. He stated:

At the beginning of 1920, farmers were extremely prosperous. They were paying off their land loans, buying a lot of new land at the government's request—they had borrowed the money to do it—and then they were bankrupted by a sudden contraction of credit and money during that same year. What happened in 1920 was exactly the opposite of what should have happened.(121)

Due to war-induced credit excesses, the Federal Reserve Board of Governors held a closed-door meeting on May 8, 1920. Their discussions lasted all day. The meeting's report ran to sixty pages, which are included in the Senate document of February 19, 1923. The Class A directors—the members of the Board—attended, but the Class B directors, who represented business, commerce, and agriculture, were not invited, nor were the Class C directors, who represented the American people.

Only the most important bankers attended this meeting, which resulted in a credit crunch and led, the following year, to a reduction in national income of fifteen billion dollars. Millions of people found themselves unemployed and the overall value of farmland fell by twenty million dollars. Wilson's foreign secretary summed up the root of the problem in one sentence:

The Federal Reserve should be the greatest protector of farmers, but in fact, it is their worst enemy. Tightening credit to farmers is a premeditated crime.(122)

After "shearing" the farmers, the small and medium-sized banks of the Midwest were eliminated and the Fed began a monetary easing.

Machine Translated by Google

The Bankers' Conspiracy of 1927

With the joint backing of Morgan's firm and *Kuhn, Loeb & Co.,* Benjamin Strong became president of the Reserve Bank.
Federal Reserve of New York. Along with Montagu Norman, the president of the Bank of England, he was one of the main people responsible for the fever speculative, manipulating interest rates, which led to the global economic recession of 1929. Norman's two grandfathers had both chaired the Bank of England. In his book *The Monetary Policy,* Brian Johnson wrote:

> *Strong and Norman, close friends, were spending their holidays together in the South of France. The easy money policy pursued by Strong's involvement in the New York money market between 1925 and 1928 resulted in the implementation of the agreement he had made with Norman, which consisted of keeping interest rates in New York below those in London. In the name of cooperation international, Strong refused the stabilizing hand that high interest rates in New York would have provided, until it was too late. In New York, easy money had encouraged the emergence of the economic boom of the late 1920s, accompanied by an incredible and dizzying speculation.(123)* ____

In 1928, the House of Representatives Economic Stabilization Hearings(124), conducted as part of a comprehensive investigation led by Louis Thomas McFadden, reached the following conclusion: international bankers manipulated gold flows to provoke crises in the United States. The following excerpt from these 1928 hearings is quite explicit:

" CHAIRMAN McFADDEN: Will you tell us briefly how this subject (referring to the rate cut of the summer of 1927) came to be brought to the Board of Governors of the Federal Reserve System and what were the influences that impacted the final decision?

GOVERNOR ADOLPH MILLER: You're asking a question I can't answer.

PRESIDENT McFADDEN: Perhaps I can clarify? Where did this suggestion come from that prompted the decision to change the rates in the summer? last ?

GOVERNOR ADOLPH MILLER: The three largest central banks in Europe had sent representatives to our country. There was the Governor of the Bank of England [Montagu Norman], Mr. Hjalmar Schacht [Reichsbank], and Professor Rist, Vice-Governor of the Bank of France. These gentlemen were in conference with officials of the Federal Reserve Bank of New York.
After a week or two, they appeared in Washington for most of the day. They arrived one evening and, on The next day they were received by the governors of the Board, and then, in the afternoon, they left for New York.

PRESIDENT McFADDEN: Were the members of the Board present at this lunch?

GOVERNOR MILLER: Oh yes! This one was offered by the Governors of the Board in an effort to bring us all closer together.

PRESIDENT McFADDEN: Was it an informal meeting or were important matters discussed?

GOVERNOR MILLER: I would say it was essentially an informal meeting. Personally, I had a long private conversation before lunch with Dr. Schacht and also another fairly long conversation with Professor Rist. After lunch, I engaged in a conversation with Mr. Norman, which was joined by Governor Strong of New York.

PRESIDENT McFADDEN: Was this an official Board meeting?

GOVERNOR MILLER: No.

PRESIDENT McFADDEN: Was this just an informal discussion on the topics that had been discussed in New York?

GOVERNOR MILLER: I suppose so. It was mainly social relations. What I said was essentially generalities. The heads of these central banks also spoke in general terms.

MR. KING: What did they want?

GOVERNOR MILLER: They were answering questions very frankly. I wanted to have a discussion with Mr. Norman and we We both stayed after lunch. We were joined by the other foreign representatives and officials from the Federal Reserve Bank of New York. These gentlemen were all quite concerned about the operation of the gold standard. They therefore wanted to see slightly lower the money market in New York, with lower rates, thus discouraging the movement of gold from Europe to this country. This would have been greatly in the interests of the international monetary situation as we knew it at the time.

Mr. BEEDY: Did this result in any understanding between the representatives of these foreign banks and the Board of Governors of the Federal Reserve or the Federal Reserve Bank of New York?

GOVERNOR MILLER: Yes.

MR. BEEDY: There was no official report?

GOVERNOR MILLER: No. There was later a meeting of the Committee on Open Market Policy—the investment policy committee of the Federal Reserve System—which made and received certain recommendations. What I remember is that securities worth about eighty million dollars were purchased in August in accordance with this plan.

PRESIDENT McFADDEN: Was there a conference between the members of the Open Market Committee and these foreign bankers?

GOVERNOR MILLER: They may have met in their personal capacities, but not as a committee.

MR. KING: How does the Open Market Committee arrive at its ideas?

GOVERNOR MILLER: They sit around a table and they talk. I don't know whose idea it was. It was one of those moments when the spirit of emulation is at work.

PRESIDENT McFADDEN: You have given an overview here of negotiations of very great importance.

GOVERNOR MILLER: I would say more conversations.

PRESIDENT McFADDEN: Did anything definite come out of it?

GOVERNOR MILLER: Yes.

PRESIDENT McFADDEN: A change in policy across our entire financial system, which has resulted in a most unusual that this country has ever faced financially (the stock market speculation boom of 1927-1929). It

Machine Translated by Google

It seems that a subject of this importance should have been reported to Washington.

GOVERNOR MILLER: I agree with you.

REPRESENTATIVE STRONG: Would it not have been desirable for these powers given to the Federal Reserve System to be used for the purpose of continued stabilization of the purchasing power of the US dollar, instead of being influenced by the interests of Europe?

GOVERNOR MILLER: I take the term "influence" as an insult. Furthermore, stabilizing the U.S. dollar without stabilizing all other gold-backed currencies is impossible. Currencies are linked together by the gold standard. Other prominent visitors are adept at approaching people, including the staff of the Board of Governors of the Federal Reserve System.

Mr. STEAGALL: Did the visit of these foreign bankers result in money being cheaper in New York?

GOVERNOR MILLER: Yes, exactly.

PRESIDENT McFADDEN: I would like to insert into these minutes the names of all those who participated in this luncheon in Washington.

GOVERNOR MILLER: In addition to the names I gave you, one of the junior officers of the Bank of France was present. I think all the members of the Federal Reserve Board were there. Under Secretary of the Treasury Ogden Mills was there, as well as Assistant Secretary of the Treasury Mr. Schuneman, and also two or three men from the State Department and Mr. Warren from the Foreign Department of the Federal Reserve Bank of New York. Yes, Governor Strong was present.

PRESIDENT McFADDEN: Obviously, this conference with all these foreign bankers was not held by chance. Who suggested a meeting with the most eminent bankers of Germany, France and England?

GOVERNOR MILLER: A situation had been created which was distinctly embarrassing to London, because of the impending withdrawal of a certain quantity of gold which France was recovering and which had originally been brought and deposited in the Bank of England by the French Government as a war credit. There was certainly going to be some tension in Europe, because France was beginning to put its house in order in order to return to the gold standard. This situation was of a nature which required some moderating influence.

MR. KING: Who was the driving force that brought these people together?

GOVERNOR MILLER: That's a detail I don't know.

REPRESENTATIVE STRONG: Wouldn't it be fair to say that these colleagues who wanted the gold were the instigators of this meeting?

GOVERNOR MILLER: They came to our house.

REPRESENTATIVE STRONG: The fact is, they came to our house, they had a meeting, they had a banquet, they talked, they got the Federal Reserve Board to lower the discount rate to make open market purchases, and they got the gold.

Mr. STEAGALL: Is it true that this action stabilized European currencies and affected ours?

GOVERNOR MILLER: Yes, this action was taken with that intention."

The European bankers and those from the Federal Reserve Bank of New York met secretly for a week, but barely stayed a day in Washington, and what's more, for social events! As you can see, the Federal Reserve Bank of New York actually piloted all of the Fed's operations, and the Board of Governors in Washington was only there for decoration. The political consequence of this confidential meeting was an influx of $500 million in gold into Europe. There is no record of this decision, but it can be deduced from the position of the seven governors.

The bursting of the bubble in 1929: a new “sheep shearing”

" *The Fed is largely responsible [for the magnitude of the 1929 crisis]. Instead of using its power to offset the crisis, it reduced the money supply by a third between 1929 and 1933, thus plunging us into recession.* **"(125)**

Milton Friedman.

After this secret meeting, the Federal Reserve Bank of New York immediately took action and lowered interest rates from 4% to 3.5 %. By 1928, it had distributed $60 billion to member banks, which had used their two-week promissory notes as collateral. If all this money were converted into gold, it would be equivalent to six times the amount of gold in circulation in the world!

Using this method to distribute dollars cost 33 times more than all the money issued on the market by purchasing Treasury bonds! Even more appalling, in 1929, the Federal Reserve Bank of New York distributed to its member banks the sum of 58 billion dollars !**(126)**

At that time, the New York Stock Exchange allowed traders to put down only 1% of the price of the shares they bought, with the rest provided by bank loans. When the banks, which held enormous credit in their hands, met the greedy and hungry brokers, it was love at first sight. Banks could borrow money from the Federal Reserve Bank of New York at a rate of 5 %, which was lent back to brokers at 12 %, thus generating a superb margin of 7 %. At that moment, the New York stock market could only soar. From then on, across the United States,

from North to South and from East to West, people were encouraged to invest all their savings in stocks. Even politicians in Washington were mobilized by Wall Street.

Treasury Secretary Mellon addressed the people in a formal address to assure them that the New York Stock Exchange could still rise considerably; and President Coolidge also delivered a speech, written by the bankers and addressed to the whole nation, to persuade them that buying stocks was very safe.

In March 1928, when the *Board* answered questions from the Senate about excessive loans to brokers, this was its response:

Machine Translated by Google

It's not easy to talk about this, but we are convinced that they (brokers) tend to be safe and prudent.

On February 6, 1929, Montagu Norman of the Bank of England secretly visited the United States again, and the Fed began to abandon the monetary policy it had initiated in 1927. English bankers seemed to be preparing for a major event. The economic turnaround in the United States was about to occur.

In March 1929, at the annual meeting of his International Acceptance Bank, the godfather of finance Paul Warburg warned the shareholders:

If the orgies of unbridled speculation are allowed to spread, the ultimate collapse will certainly affect not only the speculators themselves, but will also bring about a general crisis involving the whole ***country.(127)***

Paul had remained silent during three years of "frenzied speculation" and suddenly issued a stern warning. Given his influence and status, the *New York Times* relayed his speech, causing panic in the market. The last death sentence for the stock market was issued on April 20, 1929; on that day, the New York Times published an important front-page message:

The Fed's Advisory Committee meets hastily. An atmosphere of mystery surrounds its proceedings in Washington. Resolutions have been adopted by the committee and transmitted to the Board of Governors, but their purpose has been jealously guarded. An atmosphere of profound mystery has surrounded the discussions, both those of the Board and those of the Advisory Committee. Every effort has been made, at this special session, to protect the confidentiality of the proceedings. Evasive answers have been given to the newspaper's correspondents.(128)

On August 9, 1929, the Fed raised interest rates to 6 %, followed by the Federal Reserve Bank of New York, which raised brokers' rates from 5% to 20 %. Speculators were immediately trapped and had no choice but to escape the stock market. The market situation worsened, like a river bursting its banks. In November and December, sell orders swept the entire stock market, and $160 billion went up in smoke. One Wall Street broker gave the following explanation:

In reality, it was a calculated shearing of the public by the world's monetary powers, triggered by the sudden, planned shortage of very short-term monetary supply on the New ***York money market.(129)***

Trying to heal the wounds the country was suffering, the *New York Times* of July 4, 1930, lamented:

Commodity prices have returned to their 1913 levels. Wages have been depressed by the excess labor supply of the four million unemployed. Morgan's control of the Federal Reserve System is exercised through his control of the Federal Reserve Bank of New York, as well as through the poor representation and connivance of the Federal Reserve Board in Washington.

These good words did not prevent Wall Street from continuing to eliminate all dissent by means of the financial crisis: between 1930 and In 1933, 8,812 banks failed, most of which had tried to stand up to the Big Five banks in New York.

Planning for the Great Depression

There is no doubt that the stock market crash of 1929 was decided at the secret meeting held in 1927. In New York, interest rates were kept artificially low, and those in London deliberately high, producing a movement of gold from the United States to England and facilitating the reestablishment of the gold standard in that country and others in old Europe.

In fact, European financiers had long known that plundering wealth through inflation was a more efficient way to make profits than through interest income generated by credit. By establishing gold and the freedom to convert notes into it as the cornerstones of monetary distribution, banks limited their own ability to exploit inflation.

A question may then arise: why did the European financial sector representing English bankers re-establish the gold standard at this precise moment, apparently against its own interests?

The answer lies in the fact that international bankers were playing a multi-move chess game. The First World War had ended in defeat for Germany, whose enormous war reparations could not be met by the Rothschild or Warburg banks, which were in any case seeking to enrich themselves at the expense of nations.

The first move in this chess game was therefore to push German banks to launch inflation, this meat grinder of wealth, to quickly plunder German savings. It was the first time in its history that humanity had faced hyperinflation.
Between 1913 and 1918, during the war, the money supply in Germany increased 8.5 times and the German mark depreciated by only 50% against the dollar.

From 1921 onwards, the German central bank's tendency was to mint money without restraint or discernment. Compared to 1918, the issue of money increased fivefold in 1921, tenfold a year later, and by 72,530,000 in 1923. From August 1923 onwards, prices reached astronomical figures: a piece of bread or a stamp cost one hundred billion marks. The workers' daily wages had to be paid twice a day, because they were spent in one hour.(130)

German bankers wreaked havoc on the savings of the middle classes, leaving large numbers of people destitute, deeply planting the seeds of hatred against Jewish bankers, and laying the foundation for the Nazis' rise to power. The suffering of the Germans was even deeper than that of the French after the Franco-Prussian War, and the conditions for an even more tragic war were laid as early as 1923. When almost nothing remained of German savings, the mark stabilized. Under the regulation of international bankers, American gold became the lifeline of the German currency.

On the second move of chess, it was the turn of the English bankers to display their talents. During the First World War, the Germans frequently attacked with their U-boats, which stranded English ships carrying gold in ports, forcing the Bank of England to temporarily halt the exchange of this metal, the gold standard of the pound being only in name.

In 1924, Churchill became Chancellor of the Exchequer (British Minister of Finance). Having no affinity with finance, and under the clamor of London bankers, he prepared to reestablish the gold standard. Churchill thus wanted to defend the pound sterling's position of authority in global finance.

Machine Translated by Google

On March 13, 1925, the *Gold Standard* Act was passed. The United Kingdom was weakened by the war effort. Its economy, less powerful than that of the United States, had lost its dominant status, even in Europe. The return to the gold standard would lead to a strong pound, but also to a loss of competitiveness in British foreign trade, and at the same time to lower prices at home, lower wages, a significant increase in the unemployment rate, and other economic consequences.

The great master John Maynard Keynes emerged at this time. At the Treaty of Versailles in 1919, he represented the British Treasury and opposed the harsh conditions imposed on Germany, saying he was prepared to resign in protest. He advocated the abolition of the gold standard, thus adopting a position incompatible with that of the London bankers.

When the McMillan Commission investigated the feasibility of the gold standard, Keynes, unenthusiastic, emphasized the drawbacks of such a system, which he perceived as "a barbaric relic," a constraint on economic development. Montagu Norman of the Bank of England did not back down and insisted that the gold standard was indispensable to honest bankers, no matter how heavy the burden and how severely industry would be handicapped.

This did nothing to improve the credibility of the London bankers. The British were in a situation as tense as that of the United States. Finance had a bad reputation, and in the public's view, if it supported something, it was surely bad. Everyone castigated the bankers' vision, accusing them of ignoring the people.

Both Keynes's prophecy and the bankers' plan came true. After the gold standard was restored, the economy collapsed. Unemployment, which was 3% in 1920, rose to 18% by 1926. Strikes ensued, and political chaos spread, forcing the British government to manage a very serious crisis. And a crisis is always what bankers try to provoke!

Only by engineering crises could they push through their "financial reforms" and urgently demand changes to the law. They succeeded in passing the *Currency and Bank Notes Act* in 1928. This law allowed the Bank of England to issue a considerable quantity of Treasury notes, thus breaking the ceiling imposed on it.

Indeed, the 1844 Act had for 84 years limited bond-based money creation to 19.75 million pounds, with the remaining notes issued having to be backed by gold reserves. Bankers dreamed of using bonds as collateral to issue "debt money" and thus circumventing gold constraints day and night!

A few weeks after the law was passed, the Bank of England issued 260 million pounds backed by the debt. The new law authorized the Bank of England, in an emergency, to issue debt-backed pounds without limit. All that was required was for the Treasury and Parliament to approve it.(131) The Fed's near-unlimited power to issue money eventually fell to the Bank of England as well.

The third blow was to shear the sheep once again. After the secret meeting of 1927, 500 million gold dollars were evacuated from the United States, due to the low-interest-rate policy. When the Fed suddenly raised its interest rates in 1929, a gold reserve deficit and the impossibility of effectively expanding credit appeared. The hardy sheep called "USA" was shaken, injured, and lost a lot of blood. McFadden, the chairman of the House of Representatives' economic stabilization hearings, described it as follows:

One state sold 60,000 homes and farms in one day. In Oakland, Michigan, 71,000 homeowners and farmers were forced to leave. This has happened in other parts of the United States.

In this unprecedented economic catastrophe, only a few insiders knew that the most incredible speculation in US history was about to end; at the opportune moment, they sold all their shares and acquired government bonds. These few insiders maintained close ties with the Rothschilds. People outside this circle were not spared, not even the very wealthy.

This circle included J.P. Morgan and *Kuhn, Loeb & Co.,* as well as select "privileged clients," such as partner banks and prominent industrialists, prominent politicians, and leaders of friendly nations. When banker Morrison resigned from the Federal Reserve, a Newsweek article dated May 30, 1936, stated:

*The general opinion is that the Federal Reserve Board has lost a valuable man. He had sold his Texas utility stock to Insull for ten million dollars, and then, in 1929, he called a meeting and ordered his banks to liquidate all loans they had made on their securities by September 1. As a result, they came through the crisis with flying colors .**(132)***

Joe Kennedy's assets increased twenty-fivefold, from four million in 1929 to one hundred million in 1935. Bernard Baruch sold all his stocks and acquired government bonds. Henry Morgenthau, a few days before Black Tuesday (October 29, 1929), rushed to *Bankers Trust* and ordered his company sold within three days for sixty million dollars. In the midst of the confusion, his men recommended that he get out within a few weeks, as he could thus earn another five million dollars.
Furious, Morgenthau retorted, "I didn't come here to argue with you. Do what I tell you!"

Several decades after the events, it seems legitimate to admire the planning intelligence of these bankers! They undoubtedly constituted the most cunning sociological group in history! These calculations and schemes of unparalleled precision, this audacity and this lack of scruples in playing with the world, all of this is simply incredible!

Even today, most people cannot accept that their fate rests in the hands of a handful of bankers. These bankers, when they had shorn enough wool, decided that Keynes's cheap money could become the new harvester of wealth. A new harvest season was opening under the auspices of the *New Deal...*

Machine Translated by Google

5
THE BEHIND THE NEW DEAL

" *Lenin was certainly right. There is no more subtle and surer way of upsetting the present basis of society than to corrupt the monetary circulation. The procedure places all the hidden forces of economic laws on the side of destruction, and this in a way that not one man in a million can foresee."*

John Maynard Keynes.(133)

Keynes used to call gold a "barbaric relic." This widely held view is also widely held in China, where it is meticulously studied. However, one might wonder what Keynes really had in mind to denigrate gold in this way. If he firmly opposed inflation, how could he have become the sworn enemy of this precious metal of all things?

For his part, Alan Greenspan, at 40, was still a staunch defender of the gold standard. He only began to dodge the issue after being appointed chairman of the Federal Reserve. While in 2002 he still admitted that "gold is the ultimate means of payment," he watched central bankers' maneuvers to suppress the price of gold in the 1990s as a mere spectator. **(134)** Why such a rejection of gold by bankers and the theorists in their pay? And why was Keynes's theory of cheap money favored?____

For the past 5,000 years of human history, regardless of country, era, religion, or ethnicity, gold has been universally recognized as the ultimate form of wealth. This deeply rooted awareness cannot be abolished by soundbites like "gold is a barbaric relic," whether uttered by Keynes or anyone else.

When people are pessimistic about government policies and the economic situation, they may choose to exchange their banknotes for gold and wait for the situation to improve. The freedom to convert banknotes into gold is the most basic cornerstone of economic freedom. It is the basis of democracy and all forms of liberty. When the government deprives people of the power to exchange their banknotes for gold, it deprives them of their most basic right.

Bankers are very clear on this point: gold is not an ordinary precious metal. On the contrary, it is probably the most sensitive economic issue. Human history has suffered deeply from this "political metal." Anyone who failed to handle the gold issue properly caused financial turmoil throughout the world. Under normal conditions, the abolition of the gold standard can only lead to social unrest, or even revolution.

People only agree to temporarily give up their rights in extreme cases, which is why bankers need severe crises. Under the threat of crisis and recession, people are more inclined to compromise, unity is more likely to be broken, public opinion is more easily misled, the focus of social perception becomes dispersed, and the bankers' strategy is more likely to succeed. As a result, crises have been used repeatedly throughout history by bankers as a formidable weapon against the government and the people.

The economic crisis that began in 1929 was driven by the bankers and according to their own rules. It prepared the ground for the completion of their grand plan to abolish the gold standard, which was difficult to achieve under normal circumstances, and paved the way for the financing and accomplishment of World War II ten years later.

Keynes's Cheap Money

John Maynard Keynes already knew the destructive potential of inflation when he participated in the British commission for the Peace conference which was to lead, in 1919, to the Treaty of Versailles.

In *The Economic Consequences of the Peace,* published that same year and which made him instantly famous, he predicted an extremely destructive hyperinflation to come in Germany as the main consequence of the conditions imposed on that country by the victors. From 1923 onwards, the facts masterfully verified his words. Alan Greenspan, in *Gold and Economic Freedom,* was of much the same opinion:

In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value. […]

This is the well-worn secret of the welfare state's anti-gold diatribes. The budget deficit is nothing more than a scheme to confiscate wealth. Gold stands in the way of this insidious process. It stands as the protector of property rights.
If we grasp this, we have no difficulty in understanding the hostility of statists towards the gold standard.(135)

Greenspan said it himself: the gold standard acts as a powerful brake on inflationary dynamics. Consistent with their theoretical views, Keynes and Greenspan should have been fervent defenders of the gold standard. So why did the former reduce it to a barbaric relic and the latter, after his rise, stop recalling gold's status as a medium of exchange?

For Greenspan, his silence could be seen as simply careerist self-censorship. When he fell into the arms of the he began *JP Morgan* bank and became a member of its board of directors – as well as other Wall Street banks – to understand that the world of finance had its own rules. –,

Machine Translated by Google

And when the spotlight finally shone on him, he was probably the only one who understood that the Fed monopolized real decision-making power. In 2002, at a congressional hearing led by Rep. Ron Paul, Greenspan asserted that he had not betrayed his views since 1966, that he believed gold was still "the ultimate means of payment," and that the Fed was only reproducing a simulation of the gold standard.

Keynes's complex origins

Keynes's situation was different from Greenspan's. The renowned American economist and political theorist Murray Rothbard provided a detailed description of Keynes's personality traits. According to him, Keynes was extremely self-centered, disdainful of the English ruling elite, whom he considered outclassed, and contemptuous of social morality, which had a direct impact on his system of thought.

The secret society of the *Cambridge Apostles* had a great influence on him. In Anglo-Saxon, American, and European universities, student fraternities are not simply, as one might think, festive or cultural associations. These esoteric organizations have quasi-religious missions, and some have existed for over a century.

Their core is composed of elitist members who maintain close lifelong relationships with each other, thus forming indestructible interest groups that infiltrate the Western ruling class. The "Cambridge Apostles" are made up of twelve of the best students from *Trinity College* and *King's College.* These individuals are not only highly intelligent, but also eminent, as they will be called upon to become part of the British ruling class.

They meet secretly every Saturday and discuss philosophy, fine arts, politics, and commerce. They have strict rules and prohibitions, disregard the ordinary morality of society, and believe not only that they possess the most brilliant minds in the world, but that they are also born to rule it. And they instill this belief in each other. Here is what Keynes wrote to one of his Brothers [Giles Lytton Strachey – *ed.] :*

> *Is it monomania, this colossal moral superiority that we feel? I have the feeling that most of the others [in the world outside the Apostles] never see anything at all – they are too stupid or too perverse.(136)*

In this Cambridge circle, alongside Keynes and the famous philosopher Bertrand Russell, there was also Baron de Rothschild and other financial giants. After leaving the university, all those who had participated in the secret meetings of the Cambridge Apostles were called "the angels" and actively participated in the selection of new apostles and other activities.

A few years younger than Keynes, Victor Rothschild represented the third generation of heirs to the title of Baron Rothschild and, above all, was the grandson of the man who had seized the power to issue currency for the entire British Empire: Nathan Rothschild. Victor and Keynes were active supporters of the *Council on Foreign Relations* (CFR) and the *Royal Institute of International Affairs* (RIIA).

These two organizations could be described as the "centrist party school" of American and European politicians, who had provided a large number of cadres for the power-sharing groups for a century. Victor Rothschild worked for a time at *JP Morgan,* following the family tradition, and he was very familiar with the world of Wall Street.

He also sat on the board of directors of *Royal Dutch Shell* in the Netherlands. He also held senior positions in British intelligence, MI5, and served as security advisor to Prime Minister Margaret Thatcher. His uncle, Baron Edmond de Rothschild, was known as the "Father of Israel."

With Victor's introduction and support, as well as his own personal acumen, Keynes quickly sensed that the theories of debt inflation and "cheap money" pointed in the direction the bankers were persistently seeking. Keynes was rarely uncomfortable in his political white lies, as he was unconcerned with the ethical code of ordinary people. He regularly fabricated information to confirm his economic philosophy. As Murray Rothbard points out:

> *Principles could only restrict his ability to seize opportunities at the right time and hamper his desire for power. He was therefore ready to abandon his beliefs and change his mind like a shirt, depending on the circumstances.(137)*

Keynes quickly realized that if an economist wanted his doctrine to become a school of thought, he needed to gain support. He therefore needed to gather financial and political gurus, not only behind him to finance him, but also to take center stage to applaud him. In short, he needed influential figures to support him.

Having identified which way the wind of history was blowing, he deployed his true talents: his eloquence and his power of conviction. With prestigious former economists like Adam Smith, Ricardo, and Marshall, Cambridge University could claim to be the world's cradle of economic theory. Keynes found himself in a prime position to become Marshall's successor.

In 1936, his major work, *The General Theory of Employment, Interest, and Money, was published.* Bankers immediately fell in love with this economist, who analyzed their thoughts with such subtlety. Keynes was convinced that his ideas on cheap money would be a great success with bankers and politicians.

He began by contrasting two opposing camps, that of modern economic theory, which he represented, and that of traditional theory. Then he went a little further by asserting that his incomprehensible economic "bible" "could only be understood by young economists under thirty."

This statement was immediately welcomed by young economists, and Paul Samuelson, overjoyed at not yet being thirty, confided in a letter to a friend: "Youth is really good!" But this Samuelson also admitted that The *General Theory of Employment* "was a badly written, badly organized book. […] It is full of nonsense and confusion." **(138)**

American scholars generally agree that if this book had been written in the depths of the Midwest, it would have had difficulties in being published, and even more so in entering History.

President Hoover: An Empty Reflection in the Mirror

Machine Translated by Google

The presidential election coincided with an economic recession. Thirteen million unemployed and an unemployment rate of 25 *percent* gave incumbent President Herbert Hoover a cold sweat. Hoover didn't really respond to his opponent, Franklin Delano Roosevelt, the Democratic Party candidate, when the latter began to castigate his entire economic record since 1928, as well as his close ties to Wall Street. However, he did set out his thoughts in a memorandum:

When I responded to Roosevelt's statement that I was responsible for the speculative tide, I asked myself time and again whether I should lift the veil on the Fed, which had intentionally implemented an inflationary policy between 1925 and 1928, under the influence of the European powers; at the time, I had opposed such a policy.(139)

President Hoover was indeed wrongly accused. Although he was the President of the United States of America, he had little influence over economic and monetary policy. If the Federal Reserve, which was in private hands, did not cooperate, any political intent was a sham, as the government lacked the power to mint money. In fact, Hoover even fell into disfavor on Wall Street because he diverged from the bankers' decisions on war reparations imposed on Germany.

The Young Plan, originally piloted by Morgan in 1929, aimed to reduce the reparations schedule and convert German debt into negotiable bonds issued on Wall Street. The goal was to maximize profits from the sale of these bonds. In May 1931, shortly after the plan's implementation, Hoover was unexpectedly caught up in the financial crisis in Germany and Austria.

The bailout operations led by the Rothschild Bank and the Bank of England failed to stem the spread of the crisis. Morgan and other Wall Street financiers would not allow the Young Plan to die halfway, and Morgan's partner, Thomas W. Lamont, immediately called President Hoover, urging him to get the U.S. government to agree to grant Germany a reprieve from war reparations and wait until the crisis subsided before it could resume payments.

Lamont also warned him that the European financial system was collapsing and that this would exacerbate the recession in the United States. President Hoover had long ago promised the French government that anything involving German war reparations would first have to go through French approval. It was inconceivable that a man in Hoover's position would break his word. He replied sharply to the bankers:

I will think about it, but from a political point of view, this matter is not very realistic. By staying in New York, as you do, you have no idea of the feelings of the country as a whole towards these intergovernmental debts.(140)

To this, Thomas Lamont replied bluntly:

Lately there have been many rumors about your administration being sidelined at the 1932 [Republican] convention. But if you comply with our plans, these rumors will disappear overnight.(141)

After these threats, Lamont informed Hoover that if things went as Wall Street demanded, they would make sure that the credit should be given only to the President. Hoover thought for a month, then bowed.

In July 1932, Lamont was again sent to the White House to tell the President that he must once again reconsider the matter. German reparations. This time, Hoover found this intolerable and began to roar with resentment and frustration:

Lamont is wrong about everything. If there is one thing the American people hate and will not accept, it is this kind of coalition against them. […] Lamont does not understand the anger sweeping the country. [The bankers] would like us to become accomplices of their "gang." […] Perhaps they have already reached an agreement with the Germans, but this is the worst way to get there.(142)

This time, Hoover refused to bow to Wall Street's demands, and France fell into arrears. The bankers' irritation with him increased further when Hoover decided to prosecute a series of financial scandals in the stock market. Exasperated by unprecedented unemployment and the various bankruptcies and failures caused in the country by the stock market, numerous forces rallied in a general climate of revolt against Wall Street's dictates.

President Hoover relied on public support and the divisions in financial circles to take his attack even further. He attacked the New York Stock Exchange, saying it was a casino for *traders,* that the market was speculating on the downside through short selling to artificially lower prices and prevent the restoration of confidence.

He warned Richard Whitney, the president of the New York Stock Exchange, that if these bearish speculative behaviors were not curbed, he would have Congress investigate and initiate stock market regulation. To this request, Wall Street simply replied:
" Ridiculous ! "

Ready to fight to the bitter end, President Hoover ordered the Senate Banking and Currency Committee to begin an investigation into market behavior and short selling. An angry Wall Street immediately sent Thomas Lamont to the White House for lunch with the President and the Secretary of State to halt the investigative efforts. The President remained unmoved.(143)

After the investigations dragged on into the late 1920s, the scandals that plagued Morgan, Goldman Sachs, and others were revealed to the world. When the connection between the stock market crash and the Great Depression became clear, public anger redoubled against Wall Street and was also partly directed at Hoover. But in the end, it was Hoover's personal career that was ruined. The banking lobby, in its vengeful rage, had made him its scapegoat to protect itself. His replacement was the great President of the 20th century, Franklin Delano Roosevelt.

Who was Franklin Delano Roosevelt?

" *The truth of the matter, as you and I know, is that in the [business] centers at large, a financial element owns the government, and has done so since the days of Andrew Jackson.* **"(144)**

Franklin D. Roosevelt,
November 21, 1933.

Some of Roosevelt's confessions are reminiscent of the Wilson years. If we assume that Wilson was a bright mind and didn't understand the machinations of the bankers, then what can we say about Roosevelt's somewhat superficial experience? His rise

Machine Translated by Google

began with the application of an old, well-worn but still effective recipe for presidential hopefuls: denouncing the outgoing President's connections with Wall Street. On August 20, 1932, Roosevelt declared in a campaign speech in Ohio:

We find that two-thirds of American industry is concentrated in the hands of a few hundred firms, which are controlled by at most five people. We discover that more than half the nation's savings are invested in the stocks and bonds of corporations, and are the playthings of the American stock market. We discover that fewer than three dozen private banking houses, and their brokerage auxiliaries in the commercial banks, determine the movements of American capital. In other words, we have discovered that economic power is concentrated in the hands of a very few people; and this is the very opposite of the individualism of which the President [Hoover] speaks.(145)

Perhaps Roosevelt was trying to convince himself that he was like President Jackson, beloved by the people and tough on the bankers, a brave among the brave, driven by an unyielding will to oppose financial predators. Unfortunately, Roosevelt was even more involved with the bankers than his predecessor. For starters, he was descended from one of the oldest banking families in the United States.

FDR's grandfather, James Roosevelt, founded the Bank of New York in 1784 (in 2006, it was accused of manipulating bond prices in the Treasury market). Roosevelt's cousin, George, ran the bank until his presidential campaign. Roosevelt's father, also named James, was an industrial magnate, a Harvard Law School graduate, who owned coal mines, railroads, and other major industries.

He founded the *Southern Railway Company Security,* the first American company formed by the merger of railroad companies intended to become a holding company for stock market interests. Roosevelt, also a Harvard graduate, practiced as a lawyer, and the bank *JP Morgan* was among his major clients. With strong support from bankers, Roosevelt, aged only 34, became Deputy Secretary of the Navy in 1916.

Franklin Delano counted in his family a former president of the United States, Theodore Roosevelt, his fifth cousin . Another of his cousins,George Emlen Roosevelt, was well known on Wall Street. During the railroad mergers, he reorganized at least fourteen companies. At the same time, he served on the boards of directors of companies whose complete list would fill an entire booklet.

These included Morgan's *Guaranty Trust Company , Chemical Bank, and Savings Bank of New York.* Franklin's mother, Sara Ann Delano, also came from a family of high-profile politicians. There were a total of nine U.S. presidents with varying degrees of family ties. In modern U.S. history, no president has possessed such robust political and financial resources.

In 1921, Roosevelt moved to Wall Street, where he became a director and vice president of numerous financial firms. There, he leveraged his personal, political, and banking connections to make a fortune himself and his friends. One day, in an effort to secure government bonding contracts for one of his companies, Roosevelt wrote frankly to a friend in Congress,
James P. Maher:

I will take advantage of our old friendship to ask you if you can assist me in securing surety and performance bond contracts with the authorities in Brooklyn. The need for surety bonds in connection with the work of the city officials [...] is very great, and I hope that some of my old friends will do me the favor of remembering me. Unfortunately, I cannot raise this subject with them myself at the present time, but as my friends are also yours, if you had the time and were willing, you could be of great assistance to me. I assure you that I will quickly remember this service.(146)

In another letter, concerning an important matter with the Department of the Navy, Roosevelt mentioned:

A passage in a letter to me from one of my old friends at the Navy Department, referring to the awarding of a contract to your firm for forging 8-inch artillery pieces, reminded me of the very pleasant relations we had during my time as Assistant Secretary of the Navy, and I wondered if you would be willing to have my firm draw up some of the bonding contracts which you are obliged from time to time to furnish to the Government. I should like very much to have one of our representatives call ***on you.(147)***

For profitable businesses, Roosevelt said, "mere friendship was not enough." In 1922, he helped found *United European Investors Ltd.* in Europe and became its chairman. Among the directors and consultants were Wilhelm Cuno, a German who instigated the 1923 hyperinflation, and Max Warburg.

When the company issued 60,000 preferred shares, Roosevelt became the largest shareholder. This company was engaged in all sorts of speculative business in Germany, and when hyperinflation ruined the people, the then booming *United European Investors Ltd.* profited from the misfortunes of that nation.(148)

Hyperinflation has always been a "wealth harvester." The devaluation process is an opportunity for a massive transfer of wealth:

One of the most morally damaging aspects of inflation was the "sacking" of Germany, which occurred at the height of inflation. Anyone with a few dollars or pounds sterling was like a king in Germany. With a few American dollars, one could live like a millionaire. Foreigners flocked in and bought family heirlooms—property, jewelry, and works of art—at incredibly ***low prices.(149)***

Hyperinflation in Boris Yeltsin's Russia played out in a similar way: immense wealth was plundered, the middle class went bankrupt, the purchasing power of the dollar or the pound sterling increased by a factor of several thousand, and wealth changed hands in the process of the ruble's soaring value. As Keynes said:

By constant processes of inflation, governments can confiscate in a secret and unnoticed manner a considerable part of the wealth of their citizens. By this method, they do not only confiscate: they confiscate arbitrarily, and while the system impoverishes many people, it actually enriches some. The spectacle of these enrichments not only undermines public security, but also undermines the confidence that was had in the justice of the current distribution of wealth.(150)

When Roosevelt harshly criticized Hoover's ties to Wall Street and prided himself on being its antithesis – a kind of knight
white to the aid of the people – he was only applying the usual lying political demagogy.

Machine Translated by Google

Abolition of the Gold Standard: Bankers Entrust Roosevelt with a Historic Mission

Under the constraints of the gold standard, World War I left European countries heavily indebted to the United States. Without the Fed, which provided the necessary finances to continue the war across the Atlantic, the conflict would have been more limited. Metaphorically, the First World War was a kind of "gastronomic meal" for international bankers. No sooner had the feast ended than they waited with vampire-like greed for the next

opportunity to feast.
However, even with the Federal Reserve, the United States was still too constrained by the gold standard to be able to financially support the colossal effort of another world war. Abolition of the gold standard then became the urgent priority of American and European bankers.

In 1812, the *First Bank* of the United States was abolished, leading to reprisals from the Rothschilds: the outbreak of war.
Anglo-American in 1812. Eventually, the American government relented, resulting in the creation of the *Second Bank.*

In 1837, President Jackson abolished the *Second Bank* and the bankers dumped their US Treasury bonds in London, recalled
various loans and plunged the American economy into a severe recession, which lasted until 1848.

In 1857, 1870, and 1907, in an attempt to force the U.S. government to reestablish a private central bank, international bankers reignited the recession each time. Eventually, the Federal Reserve was created, placing complete control of money creation back in their hands.

The ultimate goal of the 1929 recession was to abolish the gold standard, implement the cheap money policy, and open a "highway"
financial crisis during World War II.

1933, Roosevelt became the 32nd with that of The President of the United States. At the beginning of his term, he raised a banner that could not coexist. On March 4, Wall Street, and announced on the same day that banks across the country, effective March 6, would have to shut down for a reshuffle and could not reopen until the investigations were completed.

It was the first time in the history of the United States that the initiative had been taken to shut down the country's financial lifeline, a measure that immediately galvanized the public. The world's largest economic system froze virtually all banking activity for at least ten days.(151)

Roosevelt then seized upon the investigations already begun under Hoover and brought them to a close. The Morgan family was particularly targeted. In a series of hearings, Jack Morgan and his associate appeared depressed and discouraged before the American people. Roosevelt dealt a real blow to the Wall Street bankers.

On June 16, 1933, he also signed the *Glass-Steagall Act,* leading to Morgan's business being divided into two, Morgan Bank proper and Morgan-Stanley, the former being limited to the activities of a traditional commercial bank and the latter to the investment banking sector.

By passing the *Securities Act of 1933, the Securities Exchange Act of* **1934(152),** and creating the *Securities and Exchange Commission* (SEC), charged with overseeing the stock market, Roosevelt was merciless with the New York Stock Exchange. The man and his new policies began to win over public opinion, bringing out the resentment toward bankers that people had long harbored. Even Morgan admitted:

The whole country loves Roosevelt. His accomplishments in one week after his inauguration are incredible; we have never seen anything like it.(153)

When the New York Stock Exchange reopened in 1933, the increase was phenomenal: +15.34 %. Roosevelt, like a hero, declared passionately:

The money operators have fled the temple of civilization, we can finally restore the true appearance of this ancient sacred temple.(154)

The historical reality, however, is more complex than what the media have deliberately created in people's minds. Such apparent eagerness to curb the banks' omnipotence concealed a less generous truth. After the bankers' long days of enforced vacations, many regional banks in the Midwest, which had resolutely refused to join the Federal Reserve, were unable to reopen.

As a result, a vast market collapsed, which was reshuffled by Wall Street bankers. Roosevelt's candidate for Treasury secretary was Henry Morgan's son, and Morgan, of course, had his connections in the Wall Street world. He had benefited from reliable news before the stock market crash and had withdrawn entirely from the stock market within three days, not hesitating to lose five million dollars.

As for the position of SEC chairman, people didn't know whether to laugh or cry over Roosevelt's choice of candidate. The first person to preside over the fate of the "stock market watchdog" was Joseph Kennedy, who, as we have seen, had participated in the formation of the speculative bubble before the 1929 crash. Joe Kennedy was also part of Morgan's circle. His son is none other than the famous President John Fitzgerald Kennedy.

It was Congressman Carter Glass, who had already initiated the *Federal Reserve Act,* who gave his name to the *Glass-Steagall Act ,* which separated Morgan's company into two separate entities. Of Morgan's 425 employees, 25 were chosen to form *Morgan-Stanley,* and Morgan and Lamont received 90% of the shares. In fact, even after the company was split up, the whole thing remained under Jack Morgan's control. In 1935, the first year *Morgan-Stanley* opened , it raised $1 billion in securities offerings, capturing a 25% market share.(155)

Large corporations that issued securities were attracted by the value of Morgan's company, which held the Federal Reserve in its hands. All major corporations in the United States feared Morgan. His congressional hearing took a dramatic turn and attracted the greatest public attention. In the midst of the hubbub, Roosevelt took the opportunity to quietly push through several important laws aimed at abolishing the gold standard.

Just one week after his inauguration, on March 11, he issued a decree banning gold convertibility in banks, in the name of stabilizing the economy. Following this, he ordered citizens to surrender all their gold, at a conversion price of $10.67 per ounce. With the exception of rare collectible coins and jewelry, anyone found concealing gold faced ten years in prison and a $250,000 fine.

Machine Translated by Google

Roosevelt announced that this was a temporary emergency measure, but the law was not repealed until 1974. In January 1934, the *Gold The Reserve Act* was passed, setting the price of gold at $35 an ounce. However, citizens had just surrendered their gold and no longer had a choice. exchange it at this new rate, thus brutally depreciating years of savings.

Only the "privileged clients" of international bankers, who had obtained confidential information before the collapse of the Stock Exchange in 1929, were able to make large withdrawals of money which they converted into gold and sent to London, where it was was selling at $35 an ounce. They made an instant profit of 69.33%!

When Roosevelt asked the most learned senator, Thomas Gore, his opinion on the abolition of the gold standard, the latter replied coldly: "Wouldn't that be blatant theft, Mr. President?" Roosevelt held a grudge against Thomas Gore for his frankness. (This Senator was the grandfather of future Vice President Al Gore.) Another congressman who spent his life trying to reestablish the gold standard, Howard Buffet, noted in 1948:

> *Politicians, whatever party they belong to, will obviously oppose the restoration of gold, no matter how no matter what they may imply. All those who have enriched themselves abroad by profiting from the inflation from which the United States suffers will also oppose it. So expect the battle to be bloody.(156)*

Howard Buffett did not live to see the reestablishment of gold as the ultimate currency, but he passed this hope on to his son, the famous Warren Buffett. The latter, disenchanted, believed that the monetary system would eventually collapse. In 1997, when the cost of silver reached At its lowest level in history, central banks in several countries have had to sell off large amounts of their gold. In total, this represents a third of the global gold stock changed hands and the price of gold returned to its low level of 1979.

Completely decoupling money from gold is not easy. It is a long, three-step process. The first step is abolition of gold coins in circulation and their exchange. The second is the universal abolition of the monetary function of gold. In 1944, the Bretton Woods system created the *Dollar Exchange Standard* to replace the *Gold Exchange Standard(157),* achieving this second step. Nixon finalized the third in 1971. Keynes's role was to make a splashy advertisement; the bankers', to blow the storm; Roosevelt's, to deceive everyone. Finally, the gold standard was abolished.

It is always the short term that focuses attention and on which power is concentrated. Keynes, in a fit of pessimistic lucidity, once acknowledged: "In the long run, we will all be dead." Notwithstanding, the truth of behaviors and their consequences will remain never engraved in History.

This is how high-risk investments favored Hitler(158)

In its November 24, 1933 edition, the *New York Times* reported on a small book by a certain Sydney Warburg. It had been published that same year in the Netherlands under the title *The Resources of National Socialism: Three Conversations with Hitler,* and was banned for a few days. only after it was put on the shelves in bookstores. The few books that escaped censorship were translated into English.

The copy that was on display at the British Museum was later banned from the public and researchers. The author, Sydney Warburg, is there presented as being part of one of the largest banking families in the United States, but its contents were denied by the Warburg family.

This mysterious little book exposes the secret history of Adolf Hitler's financing by American and British banks. Between 1924 and In 1931, Wall Street, through the Dawes and Young plans, had granted a loan totaling 138 billion marks to Germany, which paid only 86 billion in war reparations. This aid was still to be extended.

This huge funding from the United States actually allowed Germany to prepare for war again. The loans that were The funds were raised from public funds from the sale of German bonds on Wall Street, and the Morgan and Warburg made enormous profits from this.

But this process encountered a problem due to pressure from France. Credits granted to Germany and Austria by the United States were frozen and much of the reparations money, which actually came from Wall Street, was paid directly to France.

Growing increasingly averse to France, Morgan's bankers, Rockefeller and the heads of the Federal Reserve met in June 1926 to discuss how to "liberate" Germany from French pressure. The meeting resulted in a plan: a "revolution" was needed to free itself from French influence. Hitler was seen as a possible leader. Carrying a diplomatic passport and a personal letter from Rockefeller and President Hoover, "Sydney Warburg" was sent to meet Hitler.

The first attempt at contact between "Sydney" and the Nazis was unsuccessful, as the American consulate in Munich was incompetent. But thanks to the help of the mayor of Munich, "Sydney" was finally able to meet Hitler. During his first meeting, Wall Street posed its conditions to Hitler: "An offensive foreign policy in order to provoke reprisals from France."

Hitler asked for the full price and replied that the discussion would be easier with one hundred million marks, or 24 million dollars. "Sydney" reported this to New York and the bankers said that Hitler was asking too much, that 24 million dollars was a sum abnormally high. They offered him only ten million. Hitler, who was not yet in a position of power at the time, accepted this discounted amount.

At his request, the money was paid into a bank in the Netherlands *(Mendelsohn &* Co. *Bank),* then divided into several checks sent to ten German cities. When "Sydney" returned to New York to report, Rockefeller became a great admirer of Hitler. By the Subsequently, the *New York Times* suddenly and regularly began to feature Hitler's speeches and Nazi doctrine.

In December 1929, Harvard University began studying the German National Socialist movement. When President Hoover promised France in 1931 that its opinion would be sought first for any solution relating to the debt, he immediately fell into disgrace in Washington, and many historians believe that this has a direct relationship with his defeat in the following elections.

In October 1931, Hitler sent a letter to "Sydney." Wall Street bankers called another meeting, attended by Montagu Norman, the president of the Bank of England. Two trends emerged, one led by Rockefeller, who supported Hitler, and another who didn't have a very clear opinion.

Montagu Norman thought that spending ten million on Hitler was enough, as he suspected he would never take action. finally decided to continue supporting the Führer. On the occasion of a new visit of "Sydney" to Germany, someone made him

Machine Translated by Google

noticing, during a meeting of the Hitlerite party, that the Nazi Assault Platoon and the SS lacked machine guns, rifles and pistols.

At that time, large stocks of weapons and equipment were being stored in Germany's border countries: Belgium, the Netherlands, and Austria. All Germany had to do was pay for them to be released immediately. Hitler finally said to "Sydney" that he had two plans for the conquest of power: either by violence or by the ballot box. He added:

For a coup d'état, 500 million marks are needed; for legal government, 200 million is enough. What will you decide?

Five days later, Wall Street responded by telegram:

Impossible to accept such an amount. We neither want nor can accept. Explain to this person that a transfer of funds to this scale in Europe will shake the entire financial market.

"Sydney" reported again, and three days later Wall Street replied again by telegram:

Report received. Let's prepare ten million, maximum fifteen million dollars. Tell this person that they need to choose a policy. foreign or ensive.

The path that these fifteen million dollars would take was decided by Wall Street. The origin of the funds was to remain secret. Five million were paid to *Mendelsohn & Co. Bank* in Amsterdam, five million to the *Rotterdamsehe Bankvereinigung ,* and five to the *Banca Italian.*

On February 27, 1933, the night of the Reichstag arson attack, "Sydney" and Hitler were on their third meeting, and the latter announced that he needed at least one hundred million marks to complete his seizure of power. Wall Street agreed to give only seven million dollars. Hitler asked to send five million to *the Banca Italiana* in Rome, and the remaining two million to the *Renania Joint Stock. Company* in Düsseldorf. After the end of his mission, "Sydney" could not help but lament:

I have carried out my mission to the very end, down to the smallest detail. Hitler is the dictator of the largest European country. The world has now seen him at work for several months. My opinion of him is now of no importance. His actions will prove whether he is bad, which I think it is. For the sake of the German people, I sincerely hope I am wrong. The world continues to suffer under a system that bowed to Hitler to stay on its feet. Poor world, poor humanity!

Nazi Germany financed by Wall Street

On January 30, 1933, Hitler was appointed Chancellor. Germany had not only already emerged from the hyperinflation of 1923, but in Moreover, it was recovering strangely quickly from the severe recession that was still sweeping the world. Still under pressure from the enormous cost of reparations from the previous war, it nevertheless managed to equip itself to prepare for the next one and become the most powerful army from Europe in record time.

This performance is comparable with the fate of the United States, the world's leading power, but stuck in the quagmire of the Great depression, from 1929 until 1941, the date of the entry into war and the resulting economic recovery. Without external financial aid, it It was materially impossible for Germany to complete its economic recovery and at the same time prepare for a large-scale war in just six years. What if these flows of capital from abroad were not aimed at war?

It is difficult to find another logical explanation: overall, Wall Street was the most important source of financing for Nazi Germany. New York bankers began, as early as 1924, at the time of the lull in hyperinflation, to plan their aid to Germany by view of a new war. The Dawes Plan, which began in 1924, and the Young Plan of 1929 were established for this purpose, in perfect agreement with the plan military affairs economists of the German General Staff.(159)

Owen Young, the president of Morgan's *General Electric ,* was the main financial backer of *United European Ltd.,* founded in Europe by Roosevelt. It was also this same Owen Young who founded the Bank for International Settlements (BIS), responsible for coordinating partnerships between international bankers. According to Carroll Quigley, a renowned historian at Georgetown University and Bill's mentor Clinton:

*[The Bank for International Settlements] is building a financial system to control the world. It is itself controlled by a small number of people, able to dominate the mechanism of the global political and economic system. !**(160)***

Between 1924 and 1931, through the two schemes mentioned above, Wall Street granted 138 billion marks in loans to Germany, which only paid 86 billion in war reparations. The difference represented enormous financing from the United States—52 billion marks—enabling the accelerated development of the German military industry. As early as 1919, British Prime Minister Lloyd George predicted that Germany would be unable to meet the war reparations set by the Treaty of Versailles and that the country would either default or declare war.

In the end, unfortunately, we got both. A few years later, Congressman Louis McFadden, comparing the Nazis' ultramodern military factories with the rusty production plants of the recession-hit United States, could not help but denounce the Wall Street bankers and their accomplices at the Federal Reserve, who subsidized the German war economy with the savings for American taxpayers:

*Mr. President, if Dynamit Nobel in Germany wishes to sell dynamite to Japan for use in Manchuria or elsewhere, it can denominate its invoices for its Japanese customers in dollars and send them to the infamous free market of discount in New York, where the Federal Reserve Board and its regional banks will purchase and use them as collateral for a new issue of Federal Reserve notes, while at the same time the Fed Board will help Dynamit Nobel by stuffing the U.S. banking system with his stock. Why should we send our representatives to the Conference on Disarmament in Geneva while the Federal Reserve Board and its regional banks pay through our government the Japanese debts owed to German munitions manufacturers ?**(161)***

Apart from the New York discount market for commercial paper, which supplied the German and Japanese military industries with short-term, low-interest financing, the Fed also sent US gold reserves to Germany. Significant

Machine Translated by Google

Quantities of gold belonging to depositors in American banks were transported to Germany without any guarantee.

The Fed Board and its regional banks relied on German treasury paper to issue U.S. currency.
Several billion dollars were injected into the German economy, a process that continues to this day. The low price of
German treasury bills were decided and extended in New York, and it was the prestige of the American government that was taken as a guarantee... and
the citizens who paid the costs!

On April 27, 1932, the Fed transferred $750,000 in gold belonging to American citizens to Germany. A week later, $300,000
Additional gold dollars were sent to Germany in the same way. By mid-May, twelve million gold dollars had been
transported by the Fed *Board* and its regional banks to Germany. Every week, a ship left America and crossed
the Atlantic with a cargo of gold bound for Germany. Still McFadden:

Mr. President, I believe that savers have a right to know what the Federal Reserve is doing with their money.(162)

To be fair and comprehensive, it should be noted that in addition to the massive support from Wall Street, Germany's recovery also owed a lot to
the reform of the financial system driven by the Nazis, notably when the private German central bank regained the power to issue money. The
German economy leaped forward by freeing itself from the inefficient and costly process of government bonds that served as collateral
for the issue of money. The unemployment rate, which had reached 30% in 1933, turned into a labor shortage in 1938.

It was no secret that American companies supported the German technical and financial sector. This support was
later interpreted by historians as an "accident" or a "lack of foresight." This "accident" made it possible to improve
significantly the productivity of the German military industry. In 1934, the annual oil production capacity in Germany was
300,000 tonnes of crude oil and 800,000 tonnes of synthetic gasoline (coal oil).

Everything else depended on imports. After the American oil companies transferred to the Germans in 1944, the
patent of hydrogenated petroleum, Germany was able to produce one million tons of crude oil and 5.5 million tons of gasoline
synthetic.

When the German military planning department required industrial companies to equip themselves with modern facilities to carry out large-scale
production, experts in military and industrial affairs were initially confused.
not make sense. And it was only when two major American car manufacturing companies entered the European market and
set up a new factory in Germany and saw things more clearly there.

The best German experts were sent to Detroit to learn the know-how of producing pipeline modules and their
exploitation. German engineers visited aircraft factories and were also allowed to observe other important military installations. They learned a lot
of technology and eventually used these techniques to stand up to the United States.(163)

Among the companies that maintained close cooperation with the German military-industrial production system were
General Motors, Ford Motor Company, General Electric, and DuPont. All of these companies were owned by Morgan Bank, Rockefeller's *Chase
Manhattan Bank ,* or the *Warburg Bank of Manhattan.*

A costly war and a devalued currency

" *There has never been a war easier to stop than the one that has just ravaged what remained of the world after the conflict."*
previous. **»(164)**

Winston Churchill to Franklin Roosevelt, referring to "the unnecessary war."

Knowing Churchill's mischievous wit, he could have said, paraphrasing Napoleon Bonaparte, that it is much more difficult to
start a war than to end it(165). Indeed, to end the Second World War, it would have been enough for the representatives
officials of the belligerents sit around a table and discuss. They could have negotiated the terms of the end of the conflict by distributing the
losses and gains of each party involved.

But starting that war was much more difficult, because it was necessary to build popular consent through media propaganda, a long and costly
process in a democratic society. This bothers the bankers a lot. As Morton pointed out in
About international bankers:

In their eyes there is neither war nor peace, neither slogan nor declaration, neither sacrifice nor honor, they ignore these things that blur people's vision.

Napoleon Bonaparte, who also knew the true nature of bankers, was right:

Money has no country; financiers have no patriotism and no decency; their only objective is profit.

Having already suffered considerably from several raids by high finance, the American people had been warned and were now
It was difficult to fool him in the aftermath of the declaration of the First World War and the crisis of 1929. No one was more willing to
become cannon fodder for Wall Street, nor to send his children to the front in Europe. The whole country was pervaded by an "isolationist"
sentiment, which the bankers hated so much.

In 1935, a special commission headed by Senator Gerald Nye published a thick report of more than four hundred pages, disclosing the
secrets of the United States' participation in World War I. This report listed the plots and illegal acts of the
bankers and arms manufacturers. Adding to this the Morgan hearings, which had taken place shortly before, and the revelation
on the scandals of the 1929 crash, all this created a very strong feeling among the people against the war.

At that time, Walter Millis's bestseller, *Road to War,* provoked a heated popular debate on the question of war.
In line with public opinion, the United States passed three neutrality laws to avoid being caught in the trap again.
of engagement in a world war.

Regarding the domestic economy, Roosevelt's *New Deal* had already been in place for more than five years and the American economy had not
saw no significant improvement. The unemployment rate still reached 17% and, in 1938, the United States fell again into a

Machine Translated by Google

severe recession. Roosevelt and the bankers believed that Keynes's recommendations for super-deficits and cheap money were the only way to save the economy and that only war could achieve this result.

After the abolition of dollar convertibility in 1933, all technical obstacles on the path to war were removed. Psychological resistance was then eliminated through propaganda and the media.

Charles C. Tansill, a history professor at Georgetown University, believed that the fighting against Japan was planned even before Roosevelt became president in 1933. Indeed, as early as 1932, the Navy had conducted tests that demonstrated that it was possible to strike the Pacific Fleet 60 nautical miles off the coast of Pearl Harbor. In August 1940, intelligence services Americans deciphered secret codes of the Japanese army, as well as telegrams they had intercepted.

The code-breaking machines made in the United States were sent all over the world, except to Pearl Harbor, which was the largest American base in the Pacific. Many historians believe that Roosevelt knew in advance that the Japanese navy would attack Pearl Harbor.

On January 13, 1943, in Casablanca, Roosevelt and Churchill announced that Germany must surrender unconditionally. Hitler's supporters in Germany began to turn away from the Führer, much to the surprise of those in the midst of negotiations. Indeed, as soon as In August 1942, Germany offered the Allies a conditional peace, including agreeing to return to the borders. from before the 1st September 1, 1939, which would have allowed the Nazi regime to survive despite everything the military and geopolitical defeat of a war doomed to failure.(166)

Roosevelt's uncompromising statement dealt a serious blow to the anti-war forces within Germany. German forces who internally wanted the overthrow of Hitler and the Nazi regime began planning a military putsch. Kissinger explained Roosevelt's motive in the Casablanca statement thus:

> *The American President had proposed this course of action for various reasons. He feared that a discussion of peace terms with Germany was a divisive factor, and he wanted to focus all the Allies' energy on victory. He also wanted to convince Stalin, who was fighting the hard battle of Stalingrad, that there would be no separate peace. But above all, Roosevelt wanted to prevent Germany to later embark on a new cycle of "revisionist" demands, on the pretext that it had been induced to end the war by broken promises. (167)*

Kissinger is obviously right, but in reality, this cruel and costly war dragged on for more than two years, causing countless deaths and destruction. The Nazis caused millions of victims, including a very large number of Jews, and if the If the war had ended in 1943, many of them would most likely have survived.

But a premature German surrender would have represented a cruel loss of earnings for the international bankers, who were just beginning to warm up. Why let go of such a good opportunity to make profits? Moreover, at the end of the war, the American national debt, which had been 16 billion in 1930, had climbed to 269 billion in 1946. Keynesian theories of financing the deficit and cheap money were checked in the smoking wreckage of World War II, which was again a great boon for international bankers...

Machine Translated by Google

6

THE OLIGARCHY
THE HEAD OF THE WORLD

" Besides *these pragmatic objectives, the powers of financial capitalism had another far-reaching goal, nothing less than to create a worldwide system of financial control in private hands, capable of dominating the political system of each country and the world economy as a whole. This system was to be controlled in a feudal manner by the world's central banks acting in concert, reaching secret agreements at frequent private meetings and conferences. The apex of this system was the Bank for International Settlements in Basel, Switzerland, a private bank, owned and controlled by the central banks, which were themselves private corporations. Each central bank, in the hands of men like Montagu Norman of the Bank of England, Benjamin Strong of the Federal Reserve Bank of New York, Charles Rist of the Bank of France, and Hjalmar Schacht of the Reichsbank, sought to dominate its government through its ability to control loans to the Treasury, manipulate exchange rates, affect the level of economic activity in its country, and influence cooperative politicians through subsequent economic rewards in the business world.* **(168)** *"The growth of finance capitalism made possible a centralization of world economic control and the use of this power for the direct benefit of financiers and the indirect harm of all other economic groups."* **(169)**

Carroll Quigley, historian,
Georgetown University, 1966.

In our lives, terms like "world government" and "world currency" appear with increasing frequency. Without a clear history, these phrases can be mistaken for mere speculation in the press or overheated minds. In fact, a gigantic plan is being implemented. The most worrying thing for the Chinese is that few in China have grasped this.

In July 1944, as the entire Eurasian continent, from the coast of Normandy to Russia, was engulfed in the flames of war, representatives of 44 countries met in the United States in New Hampshire, at the famous seaside resort of Bretton Woods, to discuss a post-war global economic program.

International bankers began implementing their long-planned plan to control global currency. By this time, the bankers had already created two organizations for this purpose: the *Royal Institute of International Affairs* (RIIA) in England and the *Council on Foreign Relations* (CFR) in the United States.

Later, two new branches were added to these two essential institutions: the Bilderberg Group, responsible for the economic side; and the Trilateral Commission, responsible for political command. The ultimate goal of these organizations was to establish a world government with a unified global monetary system, all run by a handful of individuals from the Anglo-American elite, and then to collect taxes from all the world's citizens and call it the so-called "New World Order"!

In such a system, sovereign countries must be deprived of monetary and economic decision-making power, and economic and political freedom must be placed under control. It is not metal chains that shackle the people, but debt. In order to extract maximum profits from each "slave," exploitation management must undergo a transitional stage of efficient scientific breeding.

A society where cash is replaced by electronic payment, where a unified system of radio-frequency identification, with ID card implants in the human body, etc. – new stigmata of modern slavery – awaits man in the near future! By relying on radio-frequency technology, international bankers will eventually be able to control the people of the entire world, everywhere and at all times. When hard cash is gone, it will be enough to tap a computer keyboard to deprive anyone of any opportunity to obtain their own means of existence.

These projects are utterly abhorrent to all defenders of freedom. But for the international bankers, we are simply entering the most sophisticated realm of the "new world order." For the elites, their project is not a "conspiracy" at all, even though they are well aware that they must resort to blatant lies to carry it out. The difference from a traditional conspiracy is that they have no visible governing body.

They organize themselves into a loose social circle of like-minded people. The anxiety that grips those in the know stems from the fact that this oligarchy, united by a common vision, is fulfilling its ideal at the expense of all humanity. The founder of the CFR, the initiator of the League of Nations after the First World War, Colonel House, was a major operator of this plan in the United States.

Colonel House, spiritual godfather of the Council on Foreign Relations (CFR)

"In Washington, the real leaders are invisible; they wield power behind the scenes. **"(170)**

Felix Frankfurter,
United States Supreme Court.

Colonel House, whose real name was Edward Mandel House, was awarded his colonelcy by the Governor of Texas in recognition of his contribution to local elections. House was born into a wealthy Texas banking family. His father, Thomas, served as a U.S.

Machine Translated by Google

Rothschild during the Civil War. House continued his studies in England, which he considered his true homeland, like the majority of American bankers of the early 20th century, and maintained close relationships with English bankers.

In 1912, he published an anonymous novel that attracted considerable interest from historians: *Philip Dru, Administrator.* It recounted how a benevolent dictator, who controlled both major American parties, established a central bank, a progressive federal income tax, a social welfare system, abolished protectionist taxes, and created a League of Nations. The author demonstrated incredible foresight, as everything in his book happened in the United States and caught up with Keynes.

In fact, the books written by Colonel House and Keynes, respectively, were not so much prophetic as programmatic books of future policies. Upon its publication, House's novel aroused the interest of American high society, both for the consistency of its predictions and for the fact that it reflected the expectations of international bankers. The "Colonel" very quickly became the spiritual godfather of the elite circle.

For the nomination of the Democratic presidential candidate in 1912, the Party arranged for a meeting between Colonel House and one of the candidates, Thomas Woodrow Wilson. When Wilson arrived at the New York hotel where House was staying, they talked for an hour, a discussion they considered brief but thorough. When a politician asked him if House, in a certain situation, had represented him faithfully, Wilson replied:

Mr. House is my second personality; he is my independent self. His way of thinking and mine are one and the same. If I were in his place, I would have made exactly the same suggestions.(171)

House played a role as coordinator and liaison between politicians and bankers. Before Wilson's election, Wall Street banks had organized a banquet during which House assured the financial bigwigs:

With Wilson riding the donkey that is the Democratic Party, he's not going to kick over the traces...(172)

Schiff, Warburg, Rockefeller, and Morgan had placed great hopes in House. Schiff compared him to Moses, while he and the other bankers were Aarons. After his election in November 1912, the new President Wilson spent a vacation in Bermuda, where he attentively read *Philip Dru, Administrator.* His policies and the laws he passed between 1913 and 1914 were a virtual replica of House's novel. After the Federal Reserve Act was passed on December 23, 1913, banker Jacob Schiff wrote a letter to House: *I wish to express my sincere thanks for*

your silent but fruitful contribution to the passage of this monetary law.(173)

With his involvement in launching the Federal Reserve completed, House turned his attention to international affairs. With his extensive contacts in Europe and the United States, he quickly became a heavyweight on the world stage:

*House had powerful ties to international bankers in New York. He was very influential, for example, with major financial institutions represented by people such as Paul and Felix Warburg, Otto H. Kahn, Louis Marburg, Henry Morgenthau, Jacob and Mortimer Schif, and Herbert Lehman. House had equally powerful ties to bankers and politicians in Europe. !**(174)***

In 1917, Wilson entrusted House with the organization of *the Inquiry,* the team responsible for drafting future peace agreements. On May 30, 1919, Baron Edmond de Rothschild convened a meeting at a Paris hotel, attended by members of *the Inquiry* and the English Round Table. The main theme of this meeting was how to further integrate the power of the Anglo-Saxon elites.

On June 5 of the same year, a new summit meeting decided on a decisive restructuring of the already existing organizations in the sense of more unified and centralized action. On June 17, as coordinator, House launched *the Institute of Foreign Affairs.*

On July 21, 1921, it changed its name to the *Council on Foreign Relations .* 270 members of the political and financial elite joined, including members of *the Inquiry,* U.S. congressmen present at the Paris Peace Conference, and those who had helped create the Federal Reserve. Bankers contributed generously, and thus was born an organization whose goal was to control American society and world politics.

While Roosevelt was still Deputy Secretary of the Navy under Wilson, he read *Philip Dru, Administrator,* which was a source of inspiration for him. Roosevelt, it turned out, was a true reflection of the "moderate dictator" described in the book. After his election, House immediately became indispensable in the White House. FDR's son-in-law wrote in his memoirs:

For a long time, I thought that Roosevelt himself had put forward many ideas and proposals for the benefit of the United States. But in reality, this was not the case. Most of his ideas, his political "ammunition," were concocted in advance by the Council on Foreign Relations, the organization that supports a single world currency.(175)

Banker James Warburg, son of Paul Warburg, was Roosevelt's financial advisor and also a member of the CFR. On February 17 In 1950, he told the Senate Foreign Relations Committee:

We should establish a world government, regardless of whether people agree or not. The only question is whether it should be established by consent or by force.(176)

A *Chicago Tribune* editorial of December 9, 1950, observed:

The members of the Council [CFR] are people who have far more influence than the average person. They have used the prestige conferred on them by their wealth, their social position, and their education to lead their country to bankruptcy and military debacle. They should look at their hands. They are covered in blood—dried blood from the last war and fresh blood from the current one [the Korean War].(177)

In 1971, Louisiana Congressman John Rarick (1924-2009) stated:

Every American concerned about good government and the preservation and defense of the Constitution of the United States and our free enterprise system should be familiar with the Council on Foreign Relations. It is dedicated to world government, is funded by several of the largest tax-exempt foundations, and exercises tremendous power and influence over our lives in the fields of finance, business, labor, military, education, and the mass media.(178)

Machine Translated by Google

That's right, the CFR wields total influence over American politics. Since World War II, every US president, with three exceptions, has been a member. For decades, the two major parties have alternated in government without much policy change, because almost all top decision-making positions are held by CFR members.

Since 1921, in the United States, most of the finance ministers, Eisenhower's national security advisor, fourteen foreign ministers (all after 1949), eleven defense ministers, as well as nine CIA directors, have been or come from them.
The CFR is a bit like the "centrist party school" of the American elite.

After a member decides on a particular policy, the CFR's major research institutions go into overdrive, bringing forth a variety of rational and judicious arguments to accentuate the persuasive force of the new policy, both politically and ideologically, and to confound and minimize possible objections.(179)

Whenever a senior position opens in Washington, the CFR is the first to be called by the White House. *The Christian Science Monitor* reported that nearly half of the CFR's members have gone on to government positions or become advisors. The CFR has over 4,700 members(180), who are required to hold U.S. citizenship. Many of them are highly influential, including bankers, corporate executives, senior government officials, media elite, prominent university professors, and high-ranking military officers.

These individuals form the core of the American political elite. Regarding the general tendency of the American media to "steer public opinion," a 1987 CFR report notes that its members included as many as 262 journalists and media experts, who not only interpreted the government's foreign policy, but also formulated it.

The CFR controls, among other things, the television networks CBS, ABC, NBC, PBS, the newspapers *New York Times, Washington Post, Boston Globe, Baltimore Sun, Los Angeles Times, the magazines Times, Fortune, Life, Money Magazine, People, Entertainment Weekly, Newsweek, Businessweek, US News & World Report, Reader's Digest, Forbes, The Atlantic, and the publishing houses McMillan, Random House, Simon & Schuster, Harper & Brothers, McGraw-Hill.(181)*

Senator William Jenner, in 1954: *Today, the*

road to total dictatorship in the United States can be paved by strictly legal means, without Congress, the President, or the people even realizing it. On the surface, we have a constitutional government. But another agency representing another form of government—a bureaucratic elite—operates within our government and our political system. In this country, we have a highly organized political action group determined to destroy our Constitution and establish a one-party state. And time is on their side.

With the creation of the CFR, the decision-making power over internal and external affairs has slipped further away from the people and the two gone, and is increasingly settling into the hands of the super-elite club.

The Bank for International Settlements (BIS): the bank of central bankers

" *The fate of the currency will determine the fate of the country."*

Franz Pick, monetary expert.

Likewise, the fate of global money will determine the fate of the world. Although the Bank for International Settlements is the oldest international banking institution, it has always maintained a low profile and avoided attracting public attention. This is why researchers and academics have devoted little study to it.

Since its inception, distinguished individuals from London, Washington, and Tokyo have gathered monthly (except in August and October) in Basel, Switzerland, at the Hotel Euler, for discreet but high-impact meetings. These visitors each have their own personal office, equipped with encrypted and secure communications to give them access to their respective countries.

A team of over 300 people is at their service: drivers, cooks, bodyguards, messengers, interpreters, stenographers, secretaries, and documentarians. Its facilities include powerful computers, a country club, tennis courts, a swimming pool, and more. Access to this club is strictly limited.

Only those who control national interest rates, the size of credit, the money supply, and central banks are admitted. These include the heads of the Federal Reserve, the Bank of England, the Bank of Japan, the Swiss National Bank, and the Bundesbank.

The BIS holds forty billion dollars in **cash(182),** bonds from various governments, plus an amount equal to 10% of the world's total gold reserves. The amount of gold it holds is second only to that of the US Treasury(183). Profits generated by lending its gold cover all the bank's expenses and consumption. The meetings, which take place ten times a year, aim to coordinate and control all monetary activities of the industrialized countries.

The BIS headquarters building houses an underground structure capable of withstanding a nuclear attack, hospital facilities, and three autonomous fire protection systems that eliminate the need for conventional firefighters. On the top floor of the building is a luxurious restaurant for super VIPs on Basel weekends. The restaurant's floor-to-ceiling windows offer panoramic views of the beautiful landscapes of Germany, France, and Switzerland.

In the building's computer center, all computers have a dedicated line connecting them to the central bank network, and financial market data can be displayed on screens in real time. Eighteen traders continuously process short-term loan transactions on the European money market. Another group of traders, those operating on the gold market, are constantly on the phone, conducting gold transactions between central banks.

There is no real risk between the various transactions: all loans and gold transactions are backed by central bank deposits. Moreover, the BIS charges exorbitant operating fees along the way. Moreover, the question arises as to why these central banks entrust such simple matters to the BIS when its fees are so high. There's only one answer: secret transactions.

Machine Translated by Google

The BIS was created in 1930, just as the Great Depression was sweeping the world. Bankers conceived the idea of an expanded version of the Federal Reserve: the bank of central banks. In accordance with the 1930 Hague Agreement, it operates independently of governments and is always tax-free, whether in war or peace.

It can only accept deposits from central banks and charges a substantial fee on each transaction. During the turbulent and recessionary period of the 1930s and 1940s, European central banks deposited their own gold reserves with the Bank for International Settlements. From then on, a huge variety of international payments and war reparations were settled through the BIS.

The entire planning was carried out by the German Hjalmar Schacht, and it was he himself, in 1927, with the help of Benjamin Strong of the Federal Reserve Bank of New York, and Montagu Norman of the Bank of England, who plotted the stock market crash of 1929. In 1930, Schacht began to follow Nazi ideology.

He designed the Bank for International Settlements to provide a platform for central banks to conduct secret, hard-to-trace fund transfers. In fact, during World War II, Anglo-American international bankers used this platform to finance the Nazis and help prolong the war.

After the United States entered the war, a large amount of strategic equipment found its way under the banner of neutral countries. It was first sent to Fascist Spain, before being transferred to Germany. And many financial services were regulated by the BIS.

It turns out that the board of directors was composed of bankers from both warring parties: American Thomas McKittrick, German *IG Farben* director Hermann Schmitz, German banker Kurt Freiherr von Schröder, another German banker from the *Reichsbank,* Walther Funk, and Emil Pauhl, the latter two having been appointed by Hitler.

In March 1938, during its occupation of Austria, Germany shamelessly plundered the gold of Vienna, and later that of the Czech Republic and all the other countries it occupied. All this gold was stored in the reserves of the Bank for International Settlements.
Nazi Germany's top brass forbade mentioning this point at BIS board meetings.

Before its occupation by Germany, the Czech Republic's gold had already been transferred to the Bank of England, and the occupying forces forced the Bank of the Czech Republic to request the repatriation of its gold. The Bank of England, under the leadership of Montagu Norman, did so, and this gold was used by Germany to purchase a large amount of strategic equipment.

When the news was leaked by a British journalist, it attracted widespread public attention. To verify the facts, U.S. Treasury Secretary Henry Morgenthau personally called John Simon, the British Treasury Secretary, who denied everything. Later, Prime Minister Neville Chamberlain was questioned about the same matter, and he also denied it. Chamberlain was originally the largest shareholder *in Imperial Chemical Industries,* of which *IG Farben* was a close business

partner. [In 1939] a certain Cochran of the Treasury Department was dispatched to the Bank for International Settlements to analyze the situation, and this is how he explained the hostile relations between the BIS and national leaders:

> *The atmosphere in Basel is completely cordial; most of the central bankers have known each other for years, and the meetings are pleasant and profitable for all. […] Some of them have expressed the wish that their respective heads of state would stop shouting at each other, go fishing together with President Roosevelt or go to the World's Fair, overcome their pride and complexes, and adopt a position that would make the solution of many political problems comparatively simple.(184)*

Later, the Bank of England was forced to admit that the Czech gold had indeed been handed over to Germany. The official explanation was that it was a purely technical transaction and that the physical gold had never left England. In fact, thanks to the Bank for International Settlements, it became possible to send gold to Nazi Germany with a simple entry in the books. One can only admire Hjalmar Schacht, who, in 1930, skillfully designed this financial platform to support the future German war.

In 1940, American Thomas McKittrick was appointed CEO of the Bank for International Settlements. A Harvard graduate with close ties to Wall Street, he had headed the Anglo-American Chamber of Commerce, was fluent in German, French, and Italian, and had successfully conducted numerous loan deals for Germany. Shortly after taking office, he traveled to Berlin where he held a secret meeting with the *Reichsbank* and the Gestapo to discuss how banking should proceed once Germany and the United States entered the war.

On May 27, 1941, at Morgenthau's request, U.S. Secretary of State Cordell Hull sent a telegram to the U.S. ambassador to England requesting a thorough investigation into the relationship between the British government and the Nazi-controlled BIS. The results of the investigation infuriated Morgenthau.

Indeed, Montagu Norman, the President of the Bank of England, had always sat on the BIS. In fact, on the battlefield, the United States, England, and France were Germany's sworn enemies, but at the BIS's board meetings, their relations were perfectly friendly and cordial. This strange relationship continued until the end of the war.

On February 5, 1942, two months after the Japanese attack on Pearl Harbor, the United States joined the war against Germany without limits. Strangely, both the *Reichsbank* and the Italian government agreed to allow Thomas McKittrick to retain his position as president of the Bank for International Settlements, which never severed its business relationship with the Federal Reserve.

The British Labour Party has always been skeptical about the ambiguous relationship between the Bank of England and the BIS, and has repeatedly urged the British Treasury to explain itself. The Treasury responded:

> *This country has many rights and interests in the Bank for International Settlements, and these arrangements are based on agreements between governments. It is not in our interest to sever our relationship with this bank.*

As war raged across the globe, shattering all "non-aggression pacts" between nations, the British Treasury continued to strictly adhere to the agreements between the banks. However, a problem arose in 1944 when it emerged that enemy Germany was receiving a large portion of the BIS's dividends. Such generosity on the part of England raised many eyebrows...

In the spring of 1943, Thomas McKittrick, with no concern for his personal safety, traveled back and forth between the belligerent countries.
Although he was not a diplomat, the American government always granted him diplomatic visas. Himmler's personal guard even accompanied him to Rome! He then returned to the United States via Lisbon aboard a Danish ship.

Machine Translated by Google

In April, he went to New York for consultations with Fed officials. Then he went to the German capital, Berlin, in order to transmit confidential financial information on the behavior of senior American officials.

On March 26, 1943, California Congressman Jerry Voorhis introduced a resolution in the House of Representatives to investigate "why an American retains the position of president of this bank, which is being used to further the designs and objectives of the Axis powers."

Oddly enough, Congress and the US Treasury Department did not respond to this request for an investigation. In January 1944, the Congressman John M. Coffee introduced a similar resolution. In a fit of anger, he exclaimed:

The Nazi government held 85 million Swiss gold francs in the Bank for International Settlements. The majority of the board of directors were Nazi officials. Yet, American money was deposited in this bank.(185)

Many people have wondered by what miracle Switzerland was able to remain neutral when the entire continent around it was ablaze with blood. At a time when small, weak countries like Belgium, Luxembourg, Norway, and Denmark were seeing their borders blithely violated, how was it that Hitler never attempted to annex Switzerland, even though it was two-thirds German-speaking, in accordance with the Pan-German doctrine? The answer is that the Bank for International Settlements was located in Switzerland and was used by Anglo-American bankers to finance Germany and thus ensure the continuation of the war.

On July 20, 1944, at the Bretton Woods Conference, the question of abolishing the BIS was finally raised. Keynes and Harry Dexter White, the two chief architects, reflected on the bank's suspicious wartime behavior and began to support its dissolution. But their attitude suddenly changed.

When Keynes knocked on Morgenthau's door, Morgenthau was surprised to see his normally rational and impeccable interlocutor blush and lose control of his emotions. Keynes asserted in the calmest possible tone that the BIS should remain operational, at least until the International Monetary Fund and the World Bank were created.

He tried in vain to convince Morgenthau of this idea, but Morgenthau, despite the enormous political pressure on the subject, refused to budge and said that it should be repealed. Keynes finally conceded that the BIS should be closed, but that the time had to be right. Morgenthau insisted that "the sooner the better."

Disappointed, Keynes returned home and immediately called an emergency meeting with the British delegation at two o'clock in the morning, then personally wrote a letter to Morgenthau demanding that the BIS continue to operate.

On the second day of the meeting, Morgenthau's delegation adopted a resolution to dissolve the BIS. Upon learning of this, McKittrick immediately wrote a letter to Morgenthau and the British Chancellor of the Exchequer, emphasizing that the BIS would still have a role to play after the war. But he also added that its accounts could not be made public or presented to any government. This secrecy has remained intact to this day.

McKittrick's more than ambivalent wartime behavior never stopped international bankers from liking him. Later, he was appointed president of *Chase Manhattan Bank* by its owners, the Rockefellers. Ultimately, the BIS was not dissolved. After the war, his activities became even more discreet.

It was nicknamed the " *Core Club ,"* the most exclusive club, consisting of six or seven central banks, including the Federal Reserve, the Swiss National Bank, the Bundesbank, the Bank of Italy, the Bank of Japan, and the Bank of England, while the Bank of France and the central banks of other countries remained excluded from the circle.

The *Core Club* 's main concept was to exclude governments from the monetary decision-making process. The Swiss National Bank had always been a private bank, completely free from any government control. The *Bundesbank* acted on its own terms, like the Swiss National Bank, and did not even consult the government when it came to making important decisions, such as changes in interest rates.

Its chairman, Karl Otto Pöhl, preferred to travel in his own limousine rather than using a chartered plane to get to meetings in Basel... Although the Fed is subject to some restrictive government procedures, neither the White House nor Congress interferes significantly in its monetary policy. The Bank of Italy was theoretically required to accept government control, but its director had no connection to the government.

Their relations were so strained that in 1979, the Italian government even threatened to arrest the president of the Bank of Italy, Paolo Baffi. Under pressure from international bankers, all official proceedings were abandoned. The situation at the Bank of Japan is more unusual.

After the collapse of the real estate bubble in the 1980s, the Japanese Ministry of Finance attacked the central bank, which took the opportunity to free itself from the government's grip. As for the Bank of England, it was closely monitored by its government, but its successive presidents, no doubt thanks to supernatural powers, were always among the key members of the *Core Club.* The Banque de France, however, was not so lucky: it was considered a "puppet" of its government and was therefore excluded from the club.

The International Monetary Fund and the World Bank

" They *will say the IMF is arrogant. They will say the IMF doesn't really listen to the developing countries it's supposed to help. They will say the IMF is secretive and immune to democratic accountability. They will also say that the IMF's economic "cures" often make things worse, turning economic downturns into recessions and recessions into depressions.*

"And they will be right, I was the chief economist of the World Bank, from 1996 until last November, during the most serious global economic crisis in half a century. I saw how the IMF, in tandem with the US Treasury Department, responded to it. And it scandalized me. **"(186)**

Joseph Stiglitz, former chief economist of the World Bank.

Joseph Stiglitz made these highly skeptical remarks against the IMF and the World Bank, where he was employed, just a week before its general assembly in 2000. Its president, James Wolfensohn, forced him into "forced retirement." To be more precise, it was the

Machine Translated by Google

US Treasury Secretary Lawrence Summers fired him. The US Treasury owns a 17% stake in the World Bank, as well as veto power and the power to appoint and dismiss its president.

In other words, he controls it completely. Summers hated Stiglitz, so much so that he schemed to ensure that he didn't quietly retire, but was fired and humiliated. But that didn't stop Stiglitz from winning the Nobel Prize in Economics in 2001 and becoming President Clinton's top economic advisor.

Stiglitz encountered many pitfalls because of his critical attitude towards the bankers who supported globalization.
However, even though his perception and judgment of international financial institutions were based on first-hand information, he never went so far as to acknowledge that "creating problems and using them" was the true mission of these organizations.

Stiglitz did not believe in any "conspiracy theory" at all, and similarly, most economists and employees working at the World Bank and the IMF, including Chinese staff, do not identify any conspiracies in their work. In fact, at the operational level, all tasks are scientific and rigorous, every source of information and every algorithm is analyzed scientifically.

To claim that there was a conspiracy guiding their daily work would be to accuse them unfairly. Anyone who applied the same mathematical methods and “ways of doing things” would arrive at the same result.

In the development of the overall plan, we must admit that we are dealing with true conceptual geniuses! The details and operations are completely transparent, scientific, almost perfect. The real conspiracy has emerged in the political strata.

Here's a textbook case: Poland and the former Soviet Union, whose economic transition effects were very different for each. Harvard professor Jeffrey Sachs, former Fed chairman Paul Volcker, and *Citibank* vice chairman Anno Ruding, along with George Soros, concocted what is commonly called "shock therapy." Soros summarized this pseudo-therapy as follows:

I considered it essential to demonstrate that political transformation could lead to economic improvement: Poland was the place where this could be accomplished.

I outlined the general contours of a comprehensive economic program. It had three ingredients: monetary stabilization, structural changes, and debt restructuring. I argued that these three objectives could be better achieved simultaneously than separately. This was particularly true of industrial reorganization and debt restructuring. I proposed a kind of macroeconomic debt-for-asset swap.(187)

Ultimately, while the shock therapy was being implemented, the U.S. Treasury and international bankers provided substantial support to Poland, a veritable monetary "blood transfusion" that was supposed to produce excellent results. But later, when the patient was lying on the operating table and the economic "surgeons" had disemboweled him, the financial assistance, the metaphorical "blood transfusion," was forgotten, and the patient was left to die.

It is no wonder that "Doctor" Jeffrey Sachs cried treason. Poland gave the impression of a successful operation in appearance, but an accident occurred and the shock treatment was abandoned.

Although the principle of shock therapy was childishly simple at its core, Sachs and Stiglitz were never able to grasp the existence of a global political conspiracy at the operational level. The Bretton Woods system and its organs, the IMF and the World Bank, were designed to establish the global hegemony of the dollar. With this in mind, the abolition of the gold standard was to be achieved in several stages, according to the plan of the international bankers.

(1) In 1933, Roosevelt abolished the traditional direct exchange relationship between gold and the dollar (the *Gold Standard),* which was replaced by an indirect exchange (the *Gold Exchange Standard)*. Nevertheless, on the international market, foreign holders of dollars could still convert them into gold.

(2) The Bretton Woods system replaced the *Gold Exchange standard* with the *Dollar Exchange standard,* pegging the currencies of other countries to the dollar, then the dollar to gold.

(3) Then, only foreign central banks could exchange their dollars for gold, which had the effect of further distancing gold from the currencies in circulation.

The IMF and the World Bank are controlled by the US, although Europeans traditionally run the IMF. For the World Bank, its governor is directly chosen by the US Treasury. To lock the situation to its advantage in all cases, the latter has implemented certain clauses, such as the requirement to collect at least 85% of the vote to win an election, which amounts to giving veto power to the US Treasury, which has granted itself 17% of the voting rights.

In any case, cases are rare where this threshold of 85% of favorable votes is strictly respected. It is necessary to increase the "effectiveness" of decision-making mechanisms! It is the usual game between the theoretical operational process and concrete political praxis.

Keynes, the chief architect of the Bretton Woods system, had in mind a more "exciting" concept for building the future global monetary framework: Special Drawing Rights. These rights established what is known as "paper gold" to address the long-standing shortage of physical gold. This is probably an unprecedented "invention" in human history: determining a paper currency that never devalues, equivalent to gold, but which will never convert to gold.

In 1969, during the severe gold payments crisis in the United States, a "grand launch" of this concept was made, but it failed to maintain the international commitment to convert dollars into gold. After the disintegration of the Bretton Woods system, Special Drawing Rights were redefined by a global contract linked to exchange rates. So far, this global currency, conceived by Keynes in the 1940s, has not been of much use.

The historic mission of the IMF and the World Bank ended when Nixon announced the end of the relationship between gold and the US dollar in 1971. Nevertheless, international bankers found a way to recycle these two institutions: "helping" developing countries access "globalization." Before Stiglitz was fired, he gained access to confidential World Bank and IMF documents.

These documents showed that countries receiving emergency aid had to sign up to 111 confidential clauses, including the obligation for local political leaders to open a bank account in Switzerland or to sell essential public goods: water, electricity, gas, railways, telecommunications, oil, banks, etc. In exchange for a supposed development aid plan, the recipient states therefore committed to adopting economic measures that were in fact completely destructive.

Machine Translated by Google

And if their leaders had the courage to refuse these alienating conditions, their countries were placed on a "blacklist" of countries banned from emergency loans on international financial markets. This makes it easier to understand the fury of international bankers against China, which offers loans to developing countries without any additional conditions. China offers many desperate countries a development alternative without any destructive counterparts.

Stiglitz revealed that the same prescription awaited all countries without distinction. The first potion: privatization, or, more precisely, "widespread corruption." The leaders of the recipient countries only had to agree to sell off state-owned assets at a discount and receive a 10 *% commission,* paid directly into their secret account in Switzerland. In Stiglitz's own words, "You could see their eyes widen" at the prospect of receiving several billion dollars. In 1995, the biggest corruption scandal related to the privatization process broke in Russia, but:

The U.S. Treasury's view was that this was wonderful because they wanted Yeltsin re-elected. They didn't care if this election was corrupt. They wanted the money to go to Yeltsin.(188)

Stiglitz wasn't obsessed with the conspiracy; he simply experienced it from the inside. But when he saw that production had fallen by nearly half in Russia due to corruption, and that the country had fallen into a severe economic recession, as an economist with a conscience and a sense of justice, he was deeply outraged by the despicable behavior of the World Bank and the U.S. Treasury.

Second remedy: opening up capital markets. In theory, liberalizing the movement of capital implies that it can enter and exit freely within the framework of international trade and productive investment. But only in theory... In the real world, in concrete cases such as the financial storms experienced by Asia or Brazil, the free entry of capital leads to speculation on the stock markets, real estate, and currencies.

At the dawn of the economic crisis, speculative capital was constantly coming and going. This speculative capital, which Stiglitz calls "fever capital," was always the first to flee, and the foreign exchange reserves of the affected countries were depleted within days, if not hours.

The conditions imposed by the IMF for extending its hand were monetary tightening and then an absurd increase in interest rates, to 30 *%,* 50 *%, and* 80 *%.* Such interest rates would mercilessly destroy real estate values, industrial production capacity, and drain the wealth accumulated by society over the years.

Third medicine: market pricing. When affected countries, more dead than alive, are brought to this stage by the IMF, inevitably the prices of food, water, gas, and everyday essentials for the population rise. The result is easy to imagine: demonstrations and popular uprisings.

In 1998, the IMF cut food and fuel subsidies, triggering large-scale insurrections. Price increases in Bolivia or soaring gas prices in Ecuador caused social unrest and riots. All of this had been calculated by the IMF long ago, and in its own words, it was called "social unrest ."(189)

But this "social unrest" has a great utility: the funds flee like frightened birds, leaving behind distressed assets, easy prey for bankers who pounce on them like birds of prey. When Ethiopia's first democratically elected president accepted aid from the World Bank and the International Monetary Fund during a crisis, he was forced to transfer the European aid to his reserve account at the US Treasury, generating a dismal 4 *% return.*

At the same time, the country had to pay 12% interest to the bankers on the borrowed dollars used to feed the starving population. The new president then begged Stiglitz to allow him to use these grants to rebuild his country, but Stiglitz could do nothing.
A very cruel test for the human conscience, a torment that Stiglitz apparently could not endure.

Step Four: The Poverty Reduction Strategy, meaning free trade. Stiglitz was outraged by the "intellectual property rights" clause, which involved paying exorbitant "taxes" to obtain Western brand-name drugs. This was tantamount to signing a death warrant for the country's inhabitants, because "they [the pharmaceutical companies] don't care about people's lives and deaths ."(190) According to Stiglitz, the IMF, the World Bank, and the WTO are one and the same institution with different names. The market-opening conditions imposed by the IMF are even harsher than those of the WTO.(191)

Confessions *of an Economic Assassin,* published in 2004 by John Perkins, adds a practitioner's perspective to Stiglitz's. Drawing on his personal professional experience, the author of the book reconstructs in detail the complete story of these international bankers who wage an undeclared financial war on developing countries. Perkins was recruited in the late 1960s by the NSA *(National Security Agency)* and, after a series of tests, was deemed a suitable candidate to become an "economic assassin."

His cover was "chief economist" at a well-known international engineering firm, which allowed him to travel the world to carry out his work as an economic assassin. When his activities were exposed as unofficial, the blame fell on corporate greed instead of the NSA and the real contractors.

Perkins's job was to persuade developing countries to go into debt. He had to get them to take on debts far greater than their actual needs, to ensure they could never be repaid. To bribe politicians, hundreds of millions of dollars could be paid out in cash at any time.

When the debt could not be settled, the World Bank and the IMF came to demand "their due in bloody flesh **" (192),** that is, the resale of the countries' essential public assets, such as water distribution systems, natural gas, electricity, transport, communications, etc. If the work of the "financial assassin" was not effective enough, the CIA sent a "jackal" to assassinate the country's leaders, and if the jackal also failed, the war machine was deployed.

In 1971, Perkins was sent to Indonesia, where he successfully carried out his task as an economic assassin, leaving behind a country mired in heavy debt. He then went to Saudi Arabia to implement the "petrodollar recycling" plan. Supported by Kissinger, his task was to "maximize payments to American companies and make Saudi Arabia increasingly dependent on the United States."

He also had to convince the Saudis to guarantee the continuation of oil supplies and thus isolate other OPEC member countries that might threaten to use the embargo weapon against the United States and its allies. Later, Perkins was sent to Iran, Panama, Ecuador, Venezuela… each time with brilliant results.

September 11, 2001, left him with the traumatic feeling that the United States was hated because of people like him. Perkins developed a firm determination to bring the truth to light. None of the major publishers in New York dared to publish his autobiography, because the

Machine Translated by Google

The content of his book was explosive. The content of his revelations spread quickly in the "underworld".

To extinguish the threatening fire, a well-known international company offered to hire him and give him a title, but without a real function, on the condition that he not publish it, which seemed like a kind of legal bribery. In 2004, the author braved risks and perils to publish his work, which, overnight, became a bestseller. The form of the autobiographical narrative was his last resort, as publishers were worried about the reprisals that a documented essay would inevitably provoke.(193)

This elite club that dominates the planet

"In short, the 'edifice of world order' will have to be built from the bottom up rather than from the top down. […] A red herring bypassing the national sovereignty and eroding it piece by piece will yield far better results than an outdated frontal assault."

Richard Gardner, Foreign Affairs,
April 1974, p. 558.

On July 16, 1992, Bill Clinton, newly chosen by the Democratic convention to be its presidential candidate, gave a wide-ranging but very conventional speech about unity, ideals, citizens, and the country. The only original feature of his speech was that he mentioned at the end of his speech the influence that his mentor at Georgetown University, Carroll Quigley, had had on him, an influence mentioned in the same breath as that of Kennedy.(194)

Throughout his presidential career, Clinton mentioned Carroll Quigley many times. Why did this Mr. Quigley remain so unforgettable to him? Professor Carroll Quigley originally conducted academic research on the power of Anglo-American elite clubs, believing that they decisively influenced virtually every major event in the world. In other words, Professor Quigley was a master of "conspiracy theory."

Quigley was a Harvard graduate who worked at the Brookings Institution think tank , the U.S. Department of Defense, the Navy, and had close ties with numerous CIA operatives. As part of the "circle," he was in contact with many top-secret files. He had no antipathy toward the ruling oligarchic elite and its "ideals" for the future of the planet, but he did have reservations about certain practices.

His work, coupled with obscure esoteric research, was fortunate to have been spared the usual pressures and threats against anyone engaged in this kind of investigation. During his twenty-plus years of research, he dealt with numerous confidential and classified documents, and American historians had no one to replace or challenge him. His writings posed challenges, and as long as his doctrine did not endanger his contemporaries in power, the elite circle had no reason to eliminate him.

According to Professor Quigley, the *Council on Foreign Relations,* the Bilderberg Group, the *Royal Institute of Foreign Affairs,* and the Trilateral Commission are the organizations that form the core of the globalist oligarchy. The CFR, with its 4,700 members, is "the school of the centrist party." Those who enter through the doors of this institution are well on their way to becoming policymakers of international stature.

The Bilderberg group increased the proportion of the elite of European origin, and the Trilateral Commission, which brings together 300 to 400 personalities, increased the proportion of members of Japanese and Asian origin.

Since its inception, the CFR has also been a member of other organizations that have produced some of the world's well-known political heavyweights: former U.S. Secretary of State Henry Kissinger; David Rockefeller of *J.P. Morgan* 's International Committee ; Nelson Rockefeller; Prince Philip of England; Robert McNamara, Kennedy's Defense Secretary and later World Bank President; former British Prime Minister Margaret Thatcher; former French President (and one of the principal designers of the European Constitution) Valéry Giscard d'Estaing; George W. Bush's Defense Secretary Donald Rumsfeld; former National Security Advisor Zbigniew Brzezinski; former Fed Chairman Alan Greenspan; and the great Keynes.

Not to mention the international bankers, who are the real behind-the-scenes bosses of all these networks and organizations. The Rothschilds had the opportunity to chair the Bilderberg Group conferences, and the Warburg family organized meetings during their summer vacations at the Saltsjöbaden resort in Sweden.

At university, Clinton listened attentively to his mentor's instructions. He quickly understood that to succeed in politics, personal struggle was doomed to failure and that it was necessary to enter the network concentrating the core of power, so as to "get a favorable wind that would propel [him]." Indeed, Clinton joined the Trilateral Commission and the CFR in 1989. [Already, upon graduating from Georgetown University,] he was awarded a "Rhodes" scholarship [to study at Oxford University]. [The *Rhodes Scholarships]* are programs designed to train future important executives of the world government.

In 1991, while governor of Arkansas, he appeared at the annual meeting of the Bilderberg Group in Germany. This sudden career advancement must have caused jealousy, as many top American governors had long wanted to attend this "meeting of the super-elites ."(195)

Just a year later, the unknown governor of Arkansas even defeated George Bush Sr. and became President of the United States.
With all he owed to Quigley, it's no wonder Clinton kept his mentor's teachings constantly in mind!

The Bilderberg Group

"It would have been impossible for us to develop our plans for the world if we had been subjected to public exposure for all these years. But the world is now more sophisticated and prepared to enter into a world government. The supranational sovereignty of an intellectual elite and world bankers is surely preferable to the national self-determination practiced in past centuries. **"(196)**

David Rockefeller, 1991.

The Bilderberg Group was founded on the initiative of Prince Bernhard of the Netherlands in 1954 and is named after the hotel where the first meeting was held. The Bilderberg Group is the international version of the CFR and was founded by European bankers, men

Machine Translated by Google

politicians, business leaders, media people and prominent academics. It is the source of virtually all the institutions of the European Union, its ultimate goal being to create a world government.(197)

The greatest characteristic of this organization is the aura of mystery surrounding it. The Bilderberg Group's headquarters are located in the western Netherlands, in Leiden, and have a telephone number but no website.(198) A small number of "conspiracy theorists," such as the Englishman Tony Gosling or the American James Tucker, have racked their brains to obtain the addresses of the group's meetings and information on the agenda, usually with success.

Tucker spied on the group for thirty years and published a book about it. Historian Pierre de Villemarest and journalist William Wolf had already co-published *Facts and Chronicles Forbidden to the Public,* volumes 1 and 2 of which recount the secret development of the Bilderberg Group. Belgian sociologist Geoffrey Geuens wrote a book with a chapter also devoted to the group.

Former European Commission Vice President and Bilderberg member Etienne Davignon insisted that "this is not a capitalist plot to rule the world." Thierry de Montbrial, president of the French Institute of International Relations (IFRI), has been a member of the group for over thirty years and claims it is simply a "club."

An official press release from the Bilderberg Group in 2002 stated that "the sole activity of the group is to organize an annual meeting. Resolutions are not proposed, votes are not held, and no policies are proclaimed." The Bilderberg Group is therefore "a small, flexible, and informal international forum. Participants in the forum can express a variety of different points of view, in order to improve their mutual understanding."

British economist Will Hutton said that the Bilderberg meetings would help develop a consensus that would serve as a "prelude to world policy." This was close to the truth. All the discussions that took place at the group's meetings would become the future established policies of the G8, the IMF, and the World Bank.

The mainstream media has always been as docile as lambs in front of the group. In 2005, deploying a typical rhetorical approach, the *Financial Times* attempted to downplay the uproar caused by the "conspiracy theory." In reality, any challenge to the world's most powerful group is systematically ridiculed and denounced as part of the "conspiracy theory."
British MPs and American policymakers or other members of the group say it is just "a place for discussions," a place where people can "freely express their views."

F. William Engdahl, in his book *Oil, a Century of War: The Anglo-American World Order,* reported what secretly transpired in 1973 in Sweden at the group's annual meeting. In the first years following the collapse of the Bretton Woods system, the dollar's status, reputation, and value experienced an unprecedented crisis.

After being decoupled from gold, the North American currency behaved like a kite whose string had been broken, carried away by the winds of global financial turmoil. But the international bankers of the time were far from having completed their preparatory work for the future world currency. The thoughts and ideas were still not entirely clear.

In 1969, no one inquired about the "great launch of the world currency of Special Drawing Rights." In 1973, seeing events slipping out of their control, international bankers held emergency consultations at a Bilderberg meeting to try to contain the perilous situation in world finance and restore public confidence in the dollar.

Walter Levy, an American financial strategist, proposed a bold and surprising plan: to allow oil prices to soar by 400 %, as it was possible to profit from it. Major oil companies and an 84-member consortium attended this meeting. Engdhal concluded:

What the powerful, grouped in Bilderberg, had evidently decided in that month of May, was to launch a colossal assault on industrial growth in the world, in order to tip the balance of power once again in favor of Anglo-American financial interests and the dollar. To do this, they decided to use their most effective weapon – control of global oil flows. Bilderberg's policy was to trigger a global oil embargo, to force a radical increase in global hydrocarbon prices. Since 1945, world oil has been fixed in dollars, according to international custom, since American oil companies dominated the post-war market. Consequently, a large and sudden increase in hydrocarbon prices meant an equivalent radical increase in global demand for dollars to pay for the necessary hydrocarbon purchases.(199)

To describe the resulting surge in oil prices, Kissinger laconically referred to a "recycling of the petrodollar flow."

The Trilateral Commission

" *In this country we can have democracy or we can have a high concentration of wealth, but we cannot have both."*

Louis Brandeis, United States
Supreme Court Justice (1916-1939).

Brzezinski was not only the central figure in the Trilateral Commission, but also David Rockefeller's "special" advisor. On his advice, Rockefeller decided to "bring together the best minds in the world to solve future problems." This idea was first proposed in 1972 and was widely debated and accepted at the annual meeting of the Bilderberg Group that same year.

In 1970, Brzezinski published his famous book, *Between Two Ages ,* calling for a new international monetary system and world government. This book was considered the Trilateral Commission's bible. The Rothschild and Ford Foundations, in a show of "generosity," provided substantial financial support for the Trilateral Commission's operations.

The Trilateral's leading members came from North America, Western Europe, and Japan. They included prominent bankers, prominent entrepreneurs, and prominent politicians. It established three headquarters, in New York, Paris, and Tokyo, each with a chairman. The chairman in New York was, of course, David Rockefeller, and Brzezinski, its executive director.

Machine Translated by Google

It was he who strongly recommended Jimmy Carter, the Governor of Georgia, to Rockefeller, to bring him into the Trilateral Commission. This was an important step in his accession, five years later, to the White House, and the beginning of a very cordial relationship with Brzezinski. Similarly, Clinton, in his youth, followed the advice of his mentor Quigley and actively approached the Trilateral and the CFR, until the realization of his presidential dream.

The Trilateral and Bilderberg are peripheral bodies of the CFR, and the most important and secret decisions are made only in London and Wall Street circles. The Trilateral and Bilderberg seek to define "a single thought," "a coordinated march." The Trilateral's most important mission is to spare no effort in promoting the high ideals of a "world government," a "world currency," and, ultimately, a London/Wall Street axis, which would pave the way for the "New World Order."

In 1975, the Trilateral Commission met in Tokyo and, in a report entitled *An Outline for Remaking World Trade and Finance* [an overview for rebuilding global finance and trade], it was observed:

The three parties [the United States, Europe, and Japan] cooperate in maintaining peace and managing the world economy; they cooperate in promoting economic development and reducing poverty in the world, which will improve the chances of a peaceful and smooth evolution of the world system.

What the Bilderberg group does not do, but the Trilateral Commission does, is absorb the rising stars of the Japanese economy (renowned Japanese entrepreneurs and bankers), thus broadening the base of the "global elite." International bankers understand the importance of constantly attracting fresh blood for the future world government, world currency, and world tax. Later, as a result of their economic development, other Asian countries and regions also gained the favor of international bankers.

The issue is not so much whether a "world government" is desirable or not, but who would lead it, and whether this new ruler would be able to foster common prosperity and social progress. Judging by the social practices of elites over the past two hundred years, the general public does not seem to place its hopes in their promises.

After enduring numerous wars and recessions, people have finally realized several things: there is no such thing as economic freedom; political freedom is merely a facade; and there is no such thing as economic equality. The democratic system has strayed from its fundamentals and has unwittingly become a prop for "very special" gambling. If we say that the essence of freedom is the power of the people to choose, then the road to the future world government leads only in one direction, and the global elite has already chosen it for itself.

Let us conclude this chapter by recalling the words of Paul Warburg's son, the banker James Warburg:

We will have a world government whether we like it or not. The only question is whether this world government will be established by consent or by force.

James Paul Warburg (1896-1969), OSS officer and CFR member, on February 7, 1950, before the United States Senate.

Machine Translated by Google

7
ULTIMATE RESISTANCES

"History records that the bankers used every possible form of abuse, intrigue, deception, and violence to obtain the control of governments by controlling money and its issuance.

James Madison, 4th President of the United States.

In world history, no event was simultaneously so blatant and so poorly covered, with such a botched investigation and such a trampling on the principles of democracy, as the assassination of President John Fitzgerald Kennedy. Worse! In the three years following his assassination, eighteen key witnesses perished, six of whom were "shot," three lost their lives in car accidents, two committed suicide, one had his throat slit, another had his neck twisted, and five died of "natural causes."

A famous English mathematician stated in the *London Sunday Times* in February 1967 that the probability of such a coincidence was one in ten trillion. In total, between 1963 and 1993, one hundred and fifteen people close to the witnesses died in strange circumstances.(200)

Such a large-scale organization and coordination in the elimination of evidence and witnesses proves that Kennedy's assassination was not a personal initiative, but rather a public execution, intended to make it clear to future presidents who the real masters of this country were! Generally, if the President dies in office, the "public" unanimously believes it was a "natural death."

If he is shot dead in public view, the murderer is accused of being a "raving lunatic"; and if several perpetrators are involved, it is concluded that "the murderers are raving lunatics who acted in concert." Anyone who doubts is ridiculed and accused of being a "conspiracy theorist." But the gray areas surrounding the Kennedy assassination are far too glaring, and even a little research is enough to eliminate the official version.

In this kind of situation, covering one's tracks by talking about "conspiracy theory" becomes the only recourse. For forty years, conspiracy rumors have circulated everywhere, thus obscuring the true plot. A criminal investigation requires evidence, and without evidence, no conclusion can be reached. In forty years, a great deal of evidence and witnesses have had time to be destroyed.

The general public will probably never be able to discover the real killer, but forensic experts might do research from another angle, and thus open the door leading to the truth.

This chapter analyzes the motivations for this assassination, namely that in the 1960s and 1970s, international bankers sought to abolish the "honest currencies" of the gold and silver standard, triggering a particularly tragic series of historical events.

Presidential Executive Order 11110, Kennedy's Death Certificate

For American citizens, the day of November 22, 1963, will forever be etched in their memory: President Kennedy was assassinated in Dallas, Texas. The terrible news immediately spread throughout the country, plunging it into a state of shock and great sadness. Years later, most people vividly remember what they were doing at the time the news broke. However, who organized his assassination and for what exact motive is still a matter of controversy.

The Warren Commission concluded that the killer, Lee Harvey Oswald, had acted alone. However, doubts in the case remained, and for decades, civil society spread all sorts of conspiracy theories. Suspicions arose when the murderer was arrested in less than 48 hours, and he himself was shot dead at point-blank range by a man named Jack Ruby. Millions of people followed the entire process virtually live on television. The motive given by the assassin's killer [has itself been the subject of much debate – n.d.e .].**(201)**

Another doubt weighs on the number of people involved in Kennedy's assassination. The Warren Commission's final version states that in 5.6 seconds, Oswald fired three shots, one of which missed its target, one hitting Kennedy in the neck, and the third delivering a fatal blow to the head. Virtually no one believes Oswald could have fired three shots in such a short period of time.

The most surprising thing is that the bullet that hit the president's neck then hit the Texas governor sitting in front of him. Since this probability is virtually zero, people call it the "magic bullet." Many experts believe that several people fired at Kennedy from different angles, and that there were more than three bullets.

Later, a police officer who was escorting Kennedy in a car recalled:

While Kennedy was busy shaking hands with the crowd that had come to greet him at the airport, Johnson's [Vice President] Secret Service came to give us instructions about security. What surprised me most was that they said we had to make a change in the route the President was to take at Dealey Plaza [the scene of the assassination]. If we had kept the original route, the killer might not have had a chance of hitting him. They also gave us a new order.

Under normal circumstances, we would have had to surround the presidential car with our four police motorcycles, but they asked us all to stand at the back, and told us that under no circumstances were we to stand further forward than the rear wheels of the presidential car. They said this was so that everyone could "see without obstruction"... Another friend of mine [who

Machine Translated by Google

*escorted Vice President Johnson] saw [Johnson] duck into the car, thirty to forty seconds before the first bullet, and that he had even begun to do so as the motorcade turned onto Houston Street. Perhaps he was searching for something on the carpet of the car, but it looked more like he had a premonition that a bullet was going to whistle by .**(202)***

When First Lady Jacqueline arrived at Washington International Airport on Air Force One with her husband's body, she was still wearing her blood-splattered outfit. She insisted it was "so the whole world would see what was done to John." By then, Oswald, the killer, had already been arrested by the police. Jacqueline asked who "they" were.

She wrote in her will that fifty years after her death (May 19, 2044), if her youngest child is no longer with us, she would authorize the Kennedy Library to release five hundred pages of documents on the assassinated President. She obviously had not imagined that her youngest son would lose his life in a plane crash in 1999.

Robert Kennedy, John's brother, a famous civil rights activist, was also killed in public view during his campaign for the Democratic presidential nomination, when he was likely to become President himself and was already celebrating a predicted victory.

The Warren Commission seemed troubling to many because of its decision to archive all documents, files, and evidence relating to the CIA, the FBI, the presidential bodyguard, the NSA *(National Security Agency),* the Council of State, and the Marines for seventy-five years, or until 2039. In addition, the FBI and other government institutions were also suspected of destroying evidence. The year 2003 marked the fortieth anniversary of Kennedy's death, and on that occasion, ABC radio conducted a poll with a surprising result: 70% of Americans believe that Kennedy's assassination was a large-scale conspiracy.

His assassination was something of an internal power twist, as the Kennedy family was part of the "inner circle" of international bankers. His father, Joseph Kennedy, had made his fortune during the stock market crash of 1929 and was later appointed the first chairman of the *Securities and Exchange Commission* (SEC) by President Roosevelt.

By the early 1940s, he was one of the billionaires of his time. Without his illustrious family background, John Fitzgerald Kennedy would never have been able to become the first Catholic President of the United States. So how did he then manage to offend and alienate the entire ruling elite that had brought him to power, to the point that they decided to assassinate him?

JFK was undoubtedly an ambitious and talented man. He was still almost a young man when he sat in the President's chair, but he maintained an unshakeable calm and unparalleled tactical subtlety when faced with major challenges such as the Cuban Missile Crisis. He took the risk of declaring nuclear war against the Soviet Union, but ultimately managed to rein in Khrushchev.

Kennedy is also remembered for his strong support of the American space program, which enabled man to take the first step on the moon. Although he was unable to witness this historic moment, his charisma accompanied the entire project. The Kennedy brothers were also ardent supporters of civil rights. When the first Black student attempted to enroll at the University of Mississippi in 1962, he encountered fierce opposition from the local white population, and the entire country turned its attention to the civil rights movement.

Kennedy resolutely decided to send 400 federal officials to enforce the law and 3,000 National Guard militiamen to escort Black students into lecture halls, causing a shock in North American society. Over time, he gained favor with the people. During his term, young people enthusiastically participated in the *Peace Corps ,* and volunteers traveled to developing countries to help with local education, health, and agriculture.

In just three years, he accomplished or set in motion great things and became a hero of his generation. With such resolute ambition, such ingenious determination, the love of Americans, and the esteem of everyone in the West, Kennedy could hardly be considered a "puppet"?

As he sought to pursue his noble aspirations to govern the country with increasing determination, a sudden power struggle developed with the powerful, invisible group of elites who acted behind him. When this conflict involved international bankers and the highly sensitive issue of currency rights, Kennedy did not yet know that his day of reckoning had arrived.

On June 4, 1963, Kennedy signed Executive Order 11110, directing the U.S. Treasury "to issue certificates convertible into silver-metal against any type of silver, bullion, Treasury silver coins, etc.

Original text of Presidential Decree 11110:

Presidential Decree No. 11110

AMENDMENT TO PRESIDENTIAL ORDINANCE NO. 10289, AS AMENDED, RELATING TO THE PERFORMANCE OF CERTAIN FUNCTIONS AFFECTING THE DEPARTMENT OF THE TREASURY

By virtue of the authority vested in me by section 301 of title III, United States Code, it is hereby ordered that:

SECTION 1. Presidential Executive Order No. 10289 of September 19, 1951, as amended, is hereby further amended

—(a) By adding at the end of paragraph 1 the following

subparagraph (j): “(j) The authority vested in the President by subsection (b) of section 43 of the Act of May 12, 1933, as amended (31 U.S.C. 821 (b)), to issue silver certificates against any silver bullion, silver bullion, or standardized silver dollars(203) of the Treasury not heretofore held for the outstanding redemption of silver certificates, to prescribe the value of such silver certificates, and to coin standardized silver dollars and other secondary silver coins for the redemption thereof,” and

(b) By revoking subparagraphs (b) and (c) of paragraph 2 of the above-mentioned decree.

ARTICLE 2. The amendment made by this Decree shall not be retroactive and shall not affect any act already performed or any right accrued or to accrue or any action or proceeding commenced or instituted in any civil or criminal matter whatsoever before the date of this Decree, but all such undertakings shall continue and may be enforced as if the said amendments had not been made.

JOHN F. KENNEDY
WHITE HOUSE, June 4, 1963.

Machine Translated by Google

Kennedy's intentions were clear: to regain control of the issuance of currency from the Federal Reserve. Had this plan been implemented, the U.S. government would have gradually freed itself from the absurd situation of having to "borrow money" from the Fed and pay it exorbitant interest. Moreover, money based on physical silver is not debt money, but honest money based on the fruits of labor.

Silver certificates were intended to gradually reduce the circulation of the Fed's "dollars," surely forcing the Fed to bankrupt itself in the long run. If they lost the power to issue money, international bankers would lose their influence over the wealthy United States. For the bankers, it was therefore a matter of life and death. But to gain a clearer understanding of the origin and meaning of Executive Order 11110, we must first examine the ups and downs experienced by the silver-convertible dollar.

The Historical Status of the Silver Dollar

Physical silver became legal tender with the *Coinage Act of 1792,* which established the United *States Mint* and regulated the minting of coins. One dollar contained 24.1 grams of silver, a ratio of 1 to 15 with gold. The United States subsequently retained the dual system of gold and silver coinage for a long time.

In February 1873, under pressure from the Rothschilds in Europe, the new Monetary Law abolished the status of physical silver as money, making gold the sole standard. Knowing that the Rothschilds owned most of the gold mines as well as the logistics of its supply, by excluding silver metal they gave themselves the monopolistic means to control the money supply throughout Europe. Since silver mines were more dispersed than gold mines, its production and supply were actually more difficult to control.

After 1873, the Rothschilds managed to force most European countries to abolish the status of silver currencies, thus fully implementing the gold standard. The actions taken in the United States were a step toward this measure. This law provoked fierce opposition in the silver-producing states of the Midwest, where people dubbed it the "Crime of 1873." Subsequently, a large popular movement emerged in favor of silver.

In 1878, under pressure from bankers, the U.S. Congress passed the *Bland-Allison Act* to pacify the New York City area, requiring the Treasury to purchase between two and four million dollars worth of silver bullion every month. The gold/silver ratio was again set at 1:16. Silver and gold had equal legal value and could both be used to pay private and public debts.

Just like gold certificates, the Treasury issued silver certificates, and one dollar in silver certificates had the same value as one dollar in gold certificates, so as to facilitate their circulation. Later, the *Bland-Allison Act* was replaced by the *Sherman Silver Purchase Act,* and the new law increased the amount of silver the Treasury had to purchase to 4.5 million ounces.

When the Federal Reserve was established in 1913, Federal Reserve Notes *began* to be issued, and they formed a significant portion of the money supply until the Great Depression of 1929. Until 1933, Federal Reserve Notes could still be exchanged for an equivalent amount of gold.

In 1933, the currencies in circulation still included gold certificates and U.S. government certificates. The latter had been the first U.S. currency, issued during the Civil War by Lincoln, the famous *Greenbacks.* Their total mintage was limited to $346,681,016.

By 1960, they represented only 1% of the total currency in circulation in the United States. Aside from the four currencies described above, there was a small amount of other types of currency. After Roosevelt abandoned the gold standard and made gold ownership illegal, gold certificates were withdrawn from circulation. Only Federal Reserve Certificates, silver certificates, and *greenbacks remained in circulation.*

Given the relatively small amount of U.S. government certificates in circulation and their cap, they were not considered a threat by international bankers. However, silver certificates posed a real problem for them.

Because the Treasury was forced to buy silver, it already held six billion ounces in the 1920s and 1930s, equivalent to reserves of about two hundred thousand tons. Add to that highly productive silver mines around the world, and if the government monetized it and began issuing silver certificates directly, international bankers were in for their worst nightmare.

After Roosevelt abandoned the gold standard in 1933 to satisfy the international bankers, the US currency was effectively placed on the silver standard, and the three major currencies in circulation could be freely converted into silver. Without the abolition of silver's monetary status, Keynes's great causes of cheap money and deficit financing would have come under severe pressure, and bankers' dreams of implementing new inflation plans and other highly effective financial instruments to plunder the citizens' wealth would have been curbed.

With World War II and the widespread use of deficit spending, linked to the enormous costs of rebuilding the European economy and the Korean and Vietnam wars, the Fed's issuance of government bonds became increasingly massive. Beginning in the 1940s, American citizens continually exchanged their bills for silver coins and bars, leading to a dramatic decline in Treasury reserves. The flourishing of the electronics and aerospace industries further exacerbated this decline. Worse, by the early 1960s, when Kennedy entered the White House, Treasury reserves had fallen to 1.9 billion ounces. At the same time, the market price of silver rose, and the price of a silver dollar reached $1.29.

Silver certificates were naturally put out of circulation when they were converted to silver, and the effect of the Gresham Act, "bad money drives out good," was felt. This environment provided the backdrop for Kennedy's Executive Order 11110.
Defending silver, for Kennedy, and abolishing its status as currency, for the bankers, was the challenge of the "clash of the titans" between the President and Wall Street.

The end of the silver standard

Machine Translated by Google

For the bankers, abolishing gold's monetary status was obviously on their agenda, but solving the problem posed by physical silver was a higher priority. Given the enormous resources of this precious metal, if countries began its large-scale development and exploitation under the influence of market prices, monetary objectives would not only become complicated to achieve, but we would also find ourselves in a two-front war between gold and silver.

As soon as the silver supply increased, silver certificates would resurface and once again compete with Federal Reserve certificates. If silver certificates won, the government would also win since it held the issuing power, and the Fed's days would then be numbered.

To survive, international bankers had to lower the price of silver. First, they had to ensure that the silver industry made little or no profit. How? By delaying mining exploration and exploitation to reduce supply. Then, they had to encourage rapid consumption of physical silver in industry.

With the price of silver so low, the search for materials to replace it would be small. This would allow the Treasury to draw more quickly on the remaining silver reserves. When the Treasury could no longer offer physical silver, the silver certificates would surrender without a fight, and the abolition of silver's monetary status would be the logical consequence. The key, therefore, was to gain time.

Kennedy was well aware of all this. He told the international bankers that at the appropriate time, they could consider repealing silver's monetary status. But, on the other hand, he made other arrangements. Unfortunately, Treasury Secretary Douglas Dillon did not care for the President. Dillon came from a prominent Wall Street banking family.

Although a Republican, he had been sent to Kennedy's Democratic cabinet by the international bankers, primarily to keep the Treasury's power in their hands through Dillon. During his term, his main function was to squander the Treasury's silver reserves. Dillon, of course, did not disappoint; he sold it to a large number of industrialists at the very preferential rate of 91 cents per ounce.

According to the *New York Times* of October 16, 1961, the *Silver Users Association,* formed in 1947, took up Dillon's views and asked urges that " *the Treasury sell all remaining silver in its reserves to meet user demand ."*

The same newspaper, dated March 19, 1961, already reported:

Senators have complained that the United States is selling [silver] at a loss. Senator Alan Bible would like to propose today to the Treasury that it reconsider the policy of selling silver at low prices on the international market. This Democratic senator from Nevada, in a letter to Douglas Dillon, had written that silver mining had lagged behind consumer demand, and that the Treasury, by selling at low prices, was exercising unrealistic control over its price by capping it. The world silver shortage could only be solved with numerous new mines in North and South America. He stated: "The Treasury must not relieve the domestic market and neighboring countries of the intense pressure on its price in order for all this to be put into practice."

Then, in its August 19, 1961 edition: *Thirteen*

Democratic senators from the silver-producing states of the Midwest jointly sent a letter to Kennedy, demanding that the Treasury immediately stop selling silver at low prices. The Treasury's selling at a loss puts downward pressure on local and international market prices.

And, in its edition of October 16, 1961:

The sale of the Treasury's silver reserves has put a tight lid on the market price of silver. Industrial users know they can get silver from the Treasury at 91-92 cents per ounce; so they refuse to pay more to new silver producers.

And again, in its edition of November 29, 1961:

Yesterday, silver producers were delighted to hear this news: President Kennedy had ordered the Treasury to stop selling cheaper non-monetary silver to manufacturers. The manufacturers were shocked.

And finally, in the November 30, 1961 edition:

The price of silver reached its highest level in 41 years because on Tuesday, President Kennedy announced a change in the U.S. government's silver policy, deciding that the market would set the price. The first step was for the Treasury to immediately stop disposing of silver that no longer backed certificates.

President Kennedy finally took action, but belatedly. At that point, only 1.7 billion ounces of silver remained in the Treasury. Nevertheless, the president's actions sent a clear message to all silver producers worldwide: increasing silver production and stabilizing Treasury reserves could be regulated. Shares of companies linked to this precious metal skyrocketed, and Kennedy became the bête noire of international bankers.

In April 1963, Federal Reserve Chairman William Martin, speaking at a congressional hearing, stated:

*The Federal Reserve Board is convinced that there is no need to use silver in the American monetary system. Although some believe that withdrawing the silver that partly supported our monetary system will create a devaluation, I cannot share this view .**(204)***

Typically, it took about five years between a clear signal in the silver market of a rising price and an overall increase in supply, as new mining exploration and new equipment were first required to increase the production base. The critical moment of determining whether or not silver could be preserved as a currency, and at the same time maintaining the hope of retaining the Treasury's power to mint money, therefore did not arrive until 1966.

The battle between Kennedy and the international bankers was primarily over the monetary status of silver, and even more so over the ability of democratic government to retain the power to issue money. Once the silver supply returned to a substantial level, Kennedy and the silver-producing states of the Midwest were able to promote legislation to raise the silver content of coins and propose a large number of silver certificate issues.

Machine Translated by Google

On June 4, 1963, Kennedy's Executive Order 11110 immediately became an asset against Federal Reserve certificates.
The international bankers immediately understood what the President had in mind. Moreover, this great head of state, whom the people adored, would most likely be re-elected in the 1964 presidential elections.

In this scenario, the situation would be completely and irreversibly out of Wall Street's control. Getting rid of Kennedy was the only option. When Vice President Lyndon Johnson, favored by international bankers, became the 36th President of the United States, at the airport on the day Kennedy was assassinated, he had before his eyes the cost of disappointing the bankers' expectations of him...

In March 1964, shortly after taking office, Johnson ordered the Treasury to end silver certificates and their convertibility, and immediately rescinded their issuance. The Treasury resumed selling its silver reserves to industry at $1.29 per ounce and continued to pressure the price of silver, suppressing productive power and preventing an increase in supply. Then, in the summer of 1965, Johnson ordered the dilution of the purity of silver currency, taking a further step in weakening the monetary status of physical silver:

All of these new coins will be the same size and bear the same designs as their current counterparts. They will work in all parking meters and coin-operated machines and will have the same monetary value as the current coins.(205)

An article published on June 7, 1966, in the Wall Street Journal said dismissively:

Certainly! But the purchasing power of these famous notes has already been gradually eroded by thirty years of inflationary policy. Therefore, it is hardly surprising that our currency is completely uncorrelated with gold and silver.

The Fed itself acknowledged that each year it was planned to "scientifically" lower the purchasing power of the dollar by 3 to 4 *percent* so that the working class could "see" an increase in wages. By the summer of 1967, the Treasury had no more money available for sale. The great cause of ending monetary money was finally realized, on Johnson's initiative.

The Gold Pool

In the process of abolishing silver's monetary status, international bankers adopted the strategy of "first silver, then gold." The main reason for abolishing silver in the first place can be found in the early 1960s, when only a few countries in the world still used physical silver as money. "Excising silver" from the American monetary system was merely a local surgical procedure; resistance and consequences were limited.

Things were more difficult for gold, a highly politically sensitive metal, universally recognized as the ultimate form of wealth and laden with a unique historical legacy. Mishandling gold's problems can trigger a global financial crisis. Before ending the battle for money, it was first necessary to stabilize the front of the gold war.

The Fed's large-scale inflationary policy led it, starting in the 1930s, to excessively increase the money supply. Maintaining gold and silver currencies inevitably increased the price of these two precious metals. In the United States, the price of silver was held down by the Treasury.

Internationally, a Treasury-like agency was needed, tasked with selling gold cheaply on the market, to curb any offensive that would send gold flooding in at the first attack. The era of jets and private jets allowed bankers to meet more frequently to discuss countermeasures. In Switzerland, the Bank for International Settlements became a meeting place during "Basel weekends."

In November 1961, after close consultations, international bankers came up with a brilliant plan: to create a " gold *pool* " between the United States and the seven major European countries. Its purpose was to pool gold reserves in order to contain the price of gold on the London market. The central banks of the participating countries contributed a total of $270 million in gold.
The United States boastfully promised to pay half of this sum.

Germany made the second largest contribution, thirty million dollars. Its economy was certainly flourishing after the war, and the Frankfurt Stock Exchange was rising daily, but above all it suffered from a profound sense of guilt. England, France, and Italy each contributed twenty-five million dollars; Switzerland, Belgium, and the Netherlands, ten million. Since the Bank of England was the real operator, it advanced the entire sum from its own gold reserves and then had the other partner central banks pay it proportionally at the end of the month.(206)

The *Pool* 's main objective was to ensure that if the price of an ounce of gold rose above $35.20, even by just a few cents, gold would be attacked head-on. The $35.20 price included the costs of transporting the gold. All participating central banks promised not to buy gold, either on the London market, in South Africa, or in the Soviet Union. The United States also promised to maneuver so that other central banks would adopt the same policy.

The agreements made within the *Pool* were, of course, shrouded in financial secrecy, just as the private meetings of the BIS in Basel, of which we have no written record, not even a piece of paper. All agreements were oral, just as John Pierpont Morgan concluded important transactions with words and a handshake. For high finance, oral commitments were as common, if not more so, than written contracts.

The first few years of operation were incredibly successful. The Soviet Union, a major gold producer, suffered a poor harvest in the fall of 1963 and was forced to sell large amounts of gold to import food. By the last quarter of 1963, the USSR had sold the equivalent of $470 million in gold, significantly exceeding all the *Pool's resources.*

Within 21 months, the *Pool* 's "ammunition , " its gold reserves, had ballooned to $1.3 billion. International bankers could hardly believe their good fortune.(207)

However, the Vietnam War continued to escalate, and Johnson was increasingly challenged, not only on the world stage, but also within the United States. The flood of dollars and the U.S. government's commitment to maintaining the gold standard were having a perverse effect, and the United States' gold reserves were melting like snow in the sun, in response to the growing demand for dollar repayment.
in gold.

They had fallen by 16.3% between December 1964 and November 1967, to reach 11,500 tonnes. Moreover, France, which was then
member of the Pool, had exchanged $3 billion in gold between 1962 and 1966. In June 1967, it announced that it was withdrawing from the Pool.

Machine Translated by Google

In short, by November 1967, the situation was tense, the Gold Pool had lost a billion dollars, or nearly 900 tons of gold, and the currency The American people were going through a serious crisis of confidence. President Johnson had to act. Surrounded by an array of advisors who instilled in him ideas, a plan was presented to him to "defend" the dollar and thus regain the popularity he had lost.

All he had to do was flood the London Stock Exchange with gold. He was led to believe that once everyone realized how much gold was available on the market, the demand for converting dollars would decrease and central banks would prefer to hold dollars than gold.

Johnson accepted this crazy idea, for which the entire gold reserves of the United States were transferred to the Federal Reserve in New York, and to the Bank of England in London, in order to "dump" them onto the market and give speculators a good lesson. Not only is there would have enough gold to meet the conversion demands, but its price would fall. Once panic had invaded the ranks of the speculators, they would be forced to sell at a loss, well below $35 an ounce. At that point, the Federal Reserve and the Bank of England would take over and buy up gold in droves at knockdown prices and return it to the U.S. Treasury at without anyone knowing. The problem is, it didn't work that way.

In early 1968, for several weeks, the gold was secretly transferred and dumped on the market. But Johnson watched with horror that the market was absorbing all the gold. He had been had. Those who had concocted this plan knew that their group had the 14 billion dollars needed to swallow all that gold and they willingly exchanged their dollars.

In this battle, the United States Treasury reportedly lost 9,300 tons of gold. Deeply shaken, Johnson announced that he would not seek reelection. The rest is history: the international monetary system, which had been in effect since the Bretton Woods Agreements of 1944, was brutally replaced by the two-tier gold market.(208)

By March 1968, the *Pool* was on the verge of collapse. On March 9, Walt W. Rostow, Johnson's special national security adviser, wrote in a memo to the President:

SUBJECT: The Gold Question

Walter Heller [President Johnson's economic advisor – ed.] gave me a summary of last night's meeting of the Dillon Commission. […] They met informally in New York to review options regarding gold and balance of payments […].

"Their conclusions were:

1. Tax law is essential. […]

2. They are unanimously opposed to increasing the price of gold as a means of responding to the crisis.

3. Most of them would prefer to maintain the current Gold Pool arrangements, but they do not believe that it will be possible to negotiate with the Europeans the necessary conditions (specifically, the gold certificate proposal) to reverse the situation on the market and restore calm.

4. Therefore, they think that we should put an end to the Pool's activities and let the market do its thing. They think that it is It is essential that we do this with our Pool partners and, preferably, at their request.

5. They were somewhat confused about the specific plans to be implemented to bring non-Pool countries into cooperation and they suggest the possibility of using the IMF for this purpose. They also believe that we will have to act within thirty days and that we need to have a clear idea of where we want to go and how we plan to get there.

Note: As you can see, these views are not very different from ours. After the bankers' meeting central, this weekend in Basel, we will have a better idea of what the Europeans intend to do, the prospects for keeping the gold exchange open and calm, and what would be the most peaceful way to bring about change. Deming [the president of The Federal Reserve Bank of Minneapolis – ed.] returns tonight, and Bill Martin [the chairman of the Federal Reserve Board – ed.] on Monday.

Fowler [the Minister of Finance – ed.] is working to get the Gold Coverage Bill [each dollar bill was to have its gold counterpart in the Treasury, at a rate of 25 cents to the dollar – ed.] discussed in the Senate next Tuesday. The passage of this bill should help calm things down.

Walt

Then, on March 12, in another note, Rostow wrote:

Mr. President:

This is what we understand to be what Bill Martin discovered [after attending the Basel meeting – ed.] and will pass on to you.

(1) Regarding the change in gold prices, the English and the Dutch tend to cherish this option [to put an end to the Pool activities and let the market do its thing – nde]. The Germans don't know where to stand. The Italians, the Belgians and the The Swiss are firmly opposed to it.

(2) He reached an agreement in principle to support the Pool with $500 million, and possibly $500 million additional. (At the rate of the market in London, it will only last a few days.)

(3) Europeans realize that we could all soon be faced with unpleasant choices; but they do not know exactly what those choices are or what will be expected if we were to ensure the cohesion of the system. They are ready to close the market gold in London and let the price of gold float on the free market. But they did not think carefully about the conditions of a collaboration intimate that will be needed to make this kind of system work – in particular, how to manage the consequences of a two-tiered gold market.

(4) In light of this situation, the Treasury, the State, the Federal Reserve, the Council of Economic Advisers and the White House staff spent all day […] outlining an operational scenario […]. The main objective of this scenario would be to obtain certain minimum essential commitments from the other members of the Gold Pool before announcing its closure. On this basis, we could move on to a monetary conference in reasonable order.

(5) We don't yet know what Joe Fowler or Bill Martin personally think of this specific scenario. But we will present it to them, either late tonight or tomorrow morning.

(6) What emerged from the Basel meeting was that the US tax bill and the austerity of the UK budget of March 19 are absolutely crucial factors. Joe Fowler [Henry H. Fowler – the Secretary of State, who was nicknamed Joe by the

Machine Translated by Google

President and his associates – nd] and Bill Martin seriously passed Mills [probably Wilbur Mills, the chairman of the commission Parliamentary Budget Officer – nde] to beat him up on this point. They will also speak to the Republican Political Committee this afternoon.

My feeling is that we are approaching the moment of truth; and we will have to convert a scenario of this kind into action in the next few days. future.

Walt

And, on March 14, another memo from Rostow, addressed to the President, about gold:

SUBJECT: Gold

Your highest advisors agree on the following points:

(1) We cannot continue like this, hoping to find a solution.

(2) We need to bring the pool countries together this weekend in Washington.

(3) We want to negotiate the following measures: —

transitional rules on gold; — measures

to maintain order in the financial markets; — the yield on SDRs [Special

Drawing Rights – ed.].

(4) With the right set of transitional measures, we could maintain our convertibility commitments to holders officials.

(5) If we do not obtain this package of measures, we will be obliged to suspend convertibility into gold for official holders of dollars, at least temporarily, and immediately call an emergency conference.

(6) This would probably mean a period of chaos in global financial markets, but it might be the only way to force others into a reasonable long-term agreement that avoids an increase in the official price of gold. We unanimously recognize that a rise in the price of gold is the worst outcome.

The decision you need to make now is whether the gold market should be closed immediately.

(a) Arguments for closure: — Would

avoid losing perhaps $1 billion tomorrow (we lost $372 million today); — Such a loss of gold would further shake confidence in

the central banks and cause them to come and ask us for gold; — Would facilitate the organization of an emergency meeting of the gold pool this weekend;

— Would demonstrate US resolve.

(b) Arguments against closure: — Would

imply that the United States would take the initiative in throwing in the towel; —

Closing the market would consolidate the position of those who believe that the official price of gold will be increased; —

Could weaken the negotiating position of the United States vis-à-vis the Europeans; — Would call on

us again to propose the Gold Certificate.

Walt(209)

No matter what measure was adopted, none could save the *Pool* from bankruptcy. On March 17, 1968, it came to an end. The United States demanded the closure of the London gold market for two whole weeks. At the very moment that the Fed was waging its gold war, the Vietnam War was undergoing a profound reversal of fortunes.

On January 30, 1968, communist forces launched a massive offensive against thirty South Vietnamese provincial capitals. seized several key objectives in Saigon and even managed to break into the perimeter of the United States Embassy. The former capital of Hue also fell to the guerrillas. According to Kissinger, this apparent military victory actually represented a mistake from a strategic point of view.

The Viet Cong guerrillas had abandoned their erratic tactics and their war of movement to adopt a war of position. against the American army. Given the superior firepower of the Americans, the guerrilla infrastructure was destroyed and the Viet Cong suffered heavy losses. Nevertheless, this defeat turned into a decisive psychological victory for Hanoi.

If the American leaders had intensified their pressure on the units of the regular North Vietnamese army, now deprived of shield of the guerrilla, one can imagine that the situation would have evolved differently.(210)

But Johnson, at that time, was already very busy on the front of the financial war which was turning into a fiasco and preferred to put an end to military escalation in Vietnam.

On February 27, 1968, Walter Cronkite prophesied on television the defeat of the United States. *The Wall Street Journal,* which had until then supported The government also distanced itself by asking whether the events "reduced to mush our laudable objectives of departure ? "

According to the *Journal, "* the American people must be prepared to accept, if they have not already done so, the prospect that the efforts in Vietnam are doomed to failure. Then, on March 15, *Time* magazine added its own verse: "1968 made people realize that a victory in Vietnam, or even a favorable settlement, may simply not be within reach of the world's greatest nation."

Some Senate heavyweights jumped into the fray. Manfield declared, "We have the wrong place and the wrong war." Fulbright asked whether the administration was "empowered to extend the war without the consent of Congress and without debate or deliberation in Congress."

On March 31, 1968, Johnson announced a halt to bombing in the area beyond the 20th. parallel and that no more reinforcements would be sent important in Vietnam. He also stated that "America's objective in South Vietnam has never been the annihilation of the enemy." A few weeks later, he announced that he would not seek a second term.(211)

Machine Translated by Google

In hindsight, it seems that the American disengagement from Vietnam, which began in 1968, resulted from the psychological impact of the fiasco of the battle for gold in London and the loss of financial confidence in layers of the ruling elite.

Special Drawing Rights

Generally lacking an understanding of what caused currency crises, experts generally blamed gold and created the myth that a shortage of physical gold would cause these crises. However, one only needs to take a closer look at the history of the gold standard to realize that this explanation is far from the truth and that their misinterpretation, whether deliberate or not, hid a completely different phenomenon.

In reality, the root of the problem was the excessive creation of fiat money—money backed solely by trust in the economy and the leaders of the country that issued it. There was no reason for this to change with the invention of Special Drawing Rights (SDRs), created by the United States Treasury, then headed by Secretary Fowler and Undersecretary Paul Volcker.

This "paper gold" was intended to supplement physical gold, on the pretext that there was not enough gold and foreign currency, that is, dollars, on the market. This was obviously completely false. Let us remember that the long series of machinations orchestrated by international bankers had allowed them to capture a large part of the gold reserves of the United States Treasury, not only by manipulating and distorting its price, but also by transferring the gold reserves to the vaults of the Federal Reserve Bank of New York and the Bank of England, before throwing it to the market.

It was the sad episode of the gold pool that allowed the main European nations to be drawn into this adventure deliberately doomed to failure, while the international bankers were grabbing the American nation's gold. Only General de Gaulle's France came out on top, since it did not hesitate to massively convert its foreign exchange reserves (its dollars) on several occasions, going to the American Treasury counter, thus further hastening the announcement of the end of the dollar's convertibility into gold.

In 1969, Special Drawing Rights were integrated into the international monetary system. Let's see what Jacques Rueff, the famous French economist and economic advisor to General de Gaulle, who played a major role in the economic reforms implemented in France since 1958, had to say about it:

Meanwhile, monetary experts devised an ingenious plan to conceal the insolvency of the United States by allocating to each country a quota of special international reserves that only central banks could hold. But to avoid additional inflationary effects, the quantity of SDRs had to be limited. Therefore, even with the help of SDRs, the United States would not have been able to pay off much more than a fraction of its dollar debt.(212)

But on Wall Street, this great achievement of modern financial alchemy was greeted with great enthusiasm.
However, the *Wall Street Journal* forgot to mention that Special Drawing Rights were backed by gold, could not be devalued, and therefore gold remained the baton of command. Historian and numismatist David Hoppe, a specialist in defunct societies and a renowned expert on monetary gold, gave a wonderful description of these SDRs in an editorial:

THE USA MAKES A TRIUMPH WITH PAPER GOLD and Deputy Treasury Secretary Paul A. Volcker told reporters with a broad smile , *"Well, we got this thing off the ground." The Journal hailed it as "a major achievement for the thinking of the American economic school, since it dealt a blow to the outdated supporters of gold as* the sole reference point for monetary value and as an economic panacea." The Journal commentary overlooked the fact that SDRs had to be denominated in gold or defined by a certain amount of gold. Gold, therefore, remained the undisputed "reference point" for monetary value. Moreover, it was specifically noted that SDRs could never be " *devalued ."(213)*

Hoppe was convinced that:

[…] the SDR scheme was among the biggest financial swindles ever perpetrated and will one day be ranked by historians in the same category as other gems of human opacity, such as John Law's Mississippi scheme, the assignat madness, and the South Sea Bubble. In fact, to define the SDR unit as equal to gold, and then just as solemnly declare that it is not convertible into gold, can only strike one as patently absurd. A unit of credit or paper money can only be considered "equal" to gold if it is convertible into gold, without restrictions, at a price or rate fixed in advance. (214)

In 1969, economist and financial expert Melchior Palyi sharply criticized the idea of "paper gold":

This new reserve currency formed by the SDR will only serve to encourage more hazardous financial expansion and inflation on a world scale. The adoption of the SDR will be the triumph of the inflationists. It will remove the last obstacle on the road to a completely managed "world currency," a currency whose abundance will always be assured.(215)

On March 18, 1969, Congress repealed the Fed's requirement to hold 25% of the face value of the dollars it printed in gold. The world was approaching judgment day. Of course, international bankers didn't always see their wishes come true. Keynes's notion of a "world currency" in the 1940s, in this case in the form of the SDR, was still a bit too "avant-garde." However, the international bankers' optimism wasn't entirely unjustified either.

The Second World War had just ended, and the "prototype" of "world government" embodied by the UN was already beginning to bear fruit. It was at this time that the IMF and the World Bank were created, the two unified monetary control agencies. Now, the SDR aimed, after some adjustments, to become the world currency. The great cause championed by international bankers now found an opportunity to express itself.

Unfortunately, this plan hit a snag. The British version of Keynes's "grand program" for the future of the world diverged from its American counterpart on one crucial point. Indeed, the hegemony of the dollar already gave the Americans a largely dominant position. Under these conditions, why abandon their currency and enthusiastically embrace Keynes's plan?

The plan failed for two other reasons: the violent and unexpected wave of independence that shook the Third World countries and the rise of Asia, which shook the foundations of the world's leading power. The Special Drawing Rights ultimately failed to become the world's currency.

Machine Translated by Google

The abolition of the gold standard

Nixon did not understand, or did not want to understand, why, despite the measures taken by the Americans, gold was leaking like water from a bursting dam. The problem was that the United States' balance of payments was running an explosive deficit and the country, as a result, was unable to maintain the dollar at a fixed parity with gold. It was not that there was not enough gold, but rather that the American banking system was creating too many dollars.

Fed *Board* member John Exter once recounted a pivotal episode in the Battle for Gold to Swiss banker Ferdinand Lips:

On August 10, 1971, a group of bankers, economists, and monetary experts met informally in Mantoloking, on the Jersey Shore, to discuss the monetary crisis. Around three o'clock in the afternoon, a large car arrived, carrying Paul Volcker. He was then Under Secretary of the Treasury for Monetary Affairs.

We discussed the various possible solutions. As expected, I was for dear money [raising interest rates], but this was overwhelmingly rejected. The others thought the Fed would not slow down credit expansion for fear it would trigger a recession […] or worse. As for raising the price of gold, as I suggested, Volcker said it made sense, but he didn't think he would get the green light from Congress. Governments, especially world leaders like the United States, don't like to admit to their fellow citizens that they have debased the currency, no matter the truth. It's too embarrassing, and the general public had no idea of the crisis we were facing at the time. This wasn't a national crisis like 1933, when Roosevelt could do anything he wanted. At one point, Volcker turned to me and asked what I would do. I told him that since he would not raise interest rates or the price of gold, he had only

one option left. I told him he had to close the gold window because it made no sense to continue selling off our gold stock at $35 an ounce. Five days later, Nixon closed the gold window [at the Treasury].

The last link between the dollar and gold was broken. The dollar became nothing more than fiat money, and the Fed [and especially the banks] was then free to pursue monetary expansion at will. The result, as we know, was a massive explosion of debt. I estimate that the dollar-denominated debt in the world today is over $16 trillion.

The problem with this mountain of debt is that it simply cannot be repaid. Debt is a funny thing: it always has to be repaid, and if not by the debtor, then not by the creditor or, worse still, by the taxpayer.(216)

On August 15, 1971, the truth was finally revealed to the world: the United States could no longer honor its commitment to convert dollars into gold. In 1933, under Roosevelt, the United States had broken its word to the American people, but this time, it was disavowing itself to the international community. That evening, Nixon gave a speech in which he attacked the speculators who were creating turmoil in the financial markets. To defend the dollar, it was necessary to "temporarily" renounce its convertibility into gold.

The question of who these "speculators" were is still open. At the time, George Soros and his colleagues, specialists in currency attacks, were far too young, and the foreign exchange market was restricted by the Bretton Woods system, whose primary function was monetary stability. Since exchange rate fluctuations between currencies were negligible, this type of speculation was of little interest.

As for the conversion of US dollars into gold, this was reserved exclusively for central banks. Moreover, when it came to identifying the main troublemaker, the French government was obviously chosen. When the last links between the dollar and gold were severed by Nixon on August 15, 1971, international bankers rubbed their hands.

Indeed, that day was the first time the entire world entered the era of "fiat money," based on nothing more than the trust and fear of the world's leading economy. Would this be a blessing or a curse for civilization? It was still too early to tell.

After the West severed all links between gold and currency, an era of unprecedented credit expansion dawned, with money creation becoming frenetic as deregulation took hold. Total US debt—government, corporate, and household debt—soared, reaching $44 trillion (44 million million dollars!) in 2006, generating cumulative annual interest payments of around $2.2 trillion—or 16% of GDP. A debt of this size is obviously impossible to repay.

The Financial Assassin and the Return of “Petrodollars”

On October 6, 1973, the Fourth Middle East War broke out between Egypt, Syria, and Israel. American military aid, in the form of arms deliveries by airlift starting on October 14, 1973, enabled the Jewish state to resolve a critical situation. The Arab reaction to the American intervention was swift.

Meeting on October 16 in Kuwait City, Saudi Arabia and the major Gulf producers decided to unilaterally increase the price of a barrel of crude oil by 70%. On October 19, President Nixon asked Congress to immediately grant Israel $2.2 billion in emergency aid.

On October 20, the Arab countries of OPEC decided to cut their production by 5% per month and imposed an embargo on oil shipments to the United States and Western Europe. The embargo would not be lifted for another five months, but the sanction remained. In one year, the price of a barrel rose from $3 to $12.

American politicians and future administrations would not soon forget the lesson learned in the early 1970s. This trauma would serve to strengthen, as never before, the ties between the three pillars of plutocracy: big business, international banks, and the U.S. government.

This merry band tried by all means to repatriate to the United States all the petrodollars flowing to countries like Saudi Arabia. The Americans decided to adopt the "divide and conquer" strategy, trying to provoke internal dissensions within **OPEC(217),** then its disintegration.

Saudi Arabia, a sparsely populated country, but the world's leading oil producer, whose coffers were obviously filled with petrodollars, was chosen as the main target. The Saud dynasty, the royal family, suffered from a profound sense of insecurity and its

Machine Translated by Google

The army is relatively weak. It was therefore easy for the United States to exploit these vulnerabilities. They then offered the Saudi sovereign attractive conditions to coax him: full political support, military protection and training, technical and technological support.

The deal was for the Americans to ensure the continuity of the royal family's power and bring Saudi Arabia into the 20th century , and for the Saudis to accept a set of conditions: (1) all oil transactions were to be denominated in US dollars; (2) Saudi Arabia was to buy US Treasury bonds with its petrodollars; (3) it was to guarantee oil supplies to the United States; (4) authorization was required for any change in the price of oil; (5) if Iran, Iraq, Indonesia, or Venezuela imposed an embargo against the United States, Saudi Arabia would, on the one hand, increase its production to compensate for American imports and, on the other hand, do everything possible to dissuade these countries from any embargo against the United States.

Financial assassin John Perkins, whom we met in Chapter 6, was sent to Saudi Arabia, along with other "advisers," to carry out this operation. Still under the cover of the engineering firm that employed him as an economist, his mission was to "predict what might happen in Saudi Arabia if vast sums of money were invested in its infrastructure, and to develop scenarios for spending that money."

In short, he was asked to be as creative as possible in justifying the injection of hundreds of millions of dollars into the Saudi economy, on the condition that it benefit American engineering and construction companies. **"(218)**

Perkins realized "that the goats roaming Riyadh were the symbolic key: they were a nuisance to Saudi *jet-setters* who were traveling the globe. […] [The goats] had to be replaced by the most modern garbage collection and waste disposal system in the world, and the Saudis could take great pride in this cutting-edge technology ."(219)

Extrapolating from this idea, Perkins, who knew full well that OPEC economists were demanding their own refining industries in order to obtain higher revenues than those generated by crude oil, proposed installing large petrochemical complexes in the desert, and building immense zones of industrial activity around them.

Of course, it was necessary to build power plants capable of generating thousands of megawatts, high-voltage lines, pipelines, highways, communications networks, and a transportation system that included new airports, optimized seaports, and so on.

Perkins's plan was divided into two projects: one dealt with construction and installation contracts for basic equipment; the second, with long-term management and service contracts. In the decades that followed, companies like MAIN, Bechtel, Brown & Root, Halliburton, Stone & Webster, and others would line their pockets.

Perkins had even greater ambitions to make Saudi Arabia even more dependent on the United States. The Arabian Peninsula needed to be protected, and he offered generous contracts to American security companies, as well as to defense industries and the U.S. military.

All this activity was to induce a new wave of construction contracts: military airport, military bases, missile bases, personnel training center, etc. Perkins never lost sight of the fact that his mission was to repatriate the maximum number of petrodollars to the United States.

Such modernization of industrial infrastructure and urban facilities would inspire pride among the Saudis. Other OPEC member countries would envy a state that had modernized so quickly, and the same development plan could be transposed there. Perkins's bosses were extremely pleased with their recruit's planning abilities and business talent. Taking advantage of this favorable climate, Dr. Kissinger visited Saudi Arabia in 1974 to finalize the petrodollar policy. Having shed the leaky umbrella of gold, the dollar found refuge in oil.

The last hope of returning to the gold standard is finally buried

Although the gold standard had been abolished worldwide, except in a handful of countries such as Switzerland, and the precious metal no longer had any connection to paper money, the rising price of gold throughout the 1970s posed a headache for bankers. Preventing the reestablishment of the gold standard became their priority.

On January 1, 1975 , in order to show the world that gold was nothing more than a simple metal, and to increase confidence in the dollar, now entirely fiat, the American government decided to repeal the ban on the possession of gold, which Roosevelt had enacted in 1934.

In many countries, high taxes were levied on gold, discouraging potential buyers. Some countries had even imposed a 50% tax on gold. For their part, Americans, after forty years of a ban on owning gold, didn't know where to buy it.
Besides, many had never seen a gold coin in their lives. In short, buying gold had become a difficult undertaking.

Despite this, a few weeks before the reinstatement of the right to buy gold for ordinary citizens, the government
The American government launched an attack on gold to lower its price.

In an AIER publication, *Why Gold ?,* by Ernest P. Welker, this bearish attack and its failure are very well described: *In early 1975, the United States, aided by the leading*

members of the International Monetary Fund (IMF), began a "bearish attack" on the world gold market. It was an attack of unprecedented proportions and duration. Its primary objective was to convince the citizens of major nations that paper currencies were better than gold. The success of the operation would ensure that the increase in monetary circulation through excessive issuance of paper currencies could continue indefinitely. ***(220)***

Some economists predicted that gold would prove virtually worthless in the absence of official demand for monetary reasons. Some observers put forward figures of the order of $25 per ounce as the probable equilibrium price of gold, based on non-monetary demand.(221)

In January 1975, the first gold auction organized by the U.S. Treasury took place. Two million ounces were sold.
In June of the same year, a second auction was held, and 500,000 ounces were sold.

Machine Translated by Google

In August 1975, in a further move to demonetize gold, the United States and the major Western industrialized countries, grouped together under the name of the G-10, decided that the gold reserves of the G-10 countries and the IMF should not increase. The IMF had to sell fifty million ounces to lower the price, but the price of gold remained high and, by September 1979, it had reached $430 per ounce, fourteen times higher than its price at the time of the disintegration of the Bretton Woods system in 1971.

On October 16, 1979, the U.S. Treasury, pushed to its limits, announced that auctions scheduled for regular dates would henceforth be held unannounced. But the Treasury never expected the price of gold to reach $850 per ounce. A price between $400 and $430 per ounce would have been more appropriate. Indeed, based on a price of $35 per ounce, which was clearly undervalued, this new price would have corresponded to the loss of the dollar's purchasing power since World War II.

But in November 1979, the outbreak of the Iranian hostage crisis changed the long-term trajectory of the gold price. At the outset of the crisis, the US government froze Iran's gold reserves at the Federal Reserve Bank of New York. This action had the effect of worrying central banks around the world: if Iran's gold could be frozen, then their gold reserves at Fort Knox were not so safe.

It was therefore better to buy gold and store it in its own reserves rather than leave it within the reach of a foreign power. Terrified Iran began buying gold in Zurich. Iraq also joined the fray, and within weeks the price of an ounce reached $850.(222)

President Reagan, witnessing all these vicissitudes, was convinced that only the reestablishment of the gold standard could save the American economy. In January 1981, he asked Congress to establish a Gold Commission to study the feasibility of this reestablishment. Clearly, this decision crossed the bankers' no-go zone.

After Ronald Reagan was sworn in on March 30, 1981, he was the victim of an assassination attempt just sixty-nine days after taking office. Should this be seen as a similar motive to previous assassinations of American presidents? The question remains.

Nevertheless, Reagan survived, but the last hope of reestablishing the gold standard was well and truly buried. In March 1982, fifteen of the seventeen people who formed the Gold Commission rejected the idea of reestablishing the gold standard, and Reagan "followed their good advice." Since then, no US president has dared to revisit the idea.

Machine Translated by Google

8
THE CURRENCY WAR MOVED TO ASIA

"We were like wolves on the ridgeline, overlooking a herd of deer," says one of the speculators […]. They say that Thailand's economy is not that of an Asiatic tiger, but rather that of wounded prey. […] "By slaughtering the weak and infirm, we help to keep the pack healthy. **"(223)**

Eugene Linden, 1997.

It is a fact that holding a monopoly allows for much greater profits than those in competition. This is true for all products, goods, or services. But there is one area, monopolistic by definition, that surpasses all others and confers the greatest power: that of money. Traditionally, the creation of money is the privilege of the sovereign, represented in our modern societies by the state, which itself represents the nation.

In the previous chapters we have seen that in the United States this power ended up being handed over, on the third attempt, into private hands, that is, mainly to the shareholders of the Federal Reserve Bank of New York, or more precisely to the "international bankers."

It is now easier to understand why they have been hatching plans for centuries to seize this monopoly and thus seize the immense power that money creation confers. Beyond the United States, their ambition is to control the issuance of money in the whole world.

In order to firmly control this key element of financial strategy, international bankers launched a series of currency wars in the 1970s. The first step was to strengthen confidence in the dollar, and then to establish it as the world's reserve currency. To achieve this, it was necessary to dismember the economies of developing countries and to crush potential competitors.

Their ultimate strategic goal is a "controlled disintegration **" (224)** of the world economy, in order to lay the foundations for a "world government" with a "global currency" and a "world tax." This world government would be dominated by the "Wall Street/the City" axis.

It should be noted that the international financial oligarchy constitutes a "super group of special interests." International bankers are not loyal to any government. Quite the contrary, they control them all or attempt to control them all. And if they control governments, then they control states, nations, and peoples. They have two instruments of incredible power at their disposal: the US military, which they have slowly swallowed up; and the dollar, whose issuance they have a monopoly on.

They hatch formidable plans, and when the situation is ripe, they attack. The Great Depression of 1929 was their masterstroke. It allowed them to encourage or force more and more governments to surrender more and more of their sovereignty. They methodically establish monetary systems and regional governments.

Today, China is in their crosshairs, and there is no doubt that they are seeking every means possible to attack the Chinese financial system. The question is not if, but when and how. Obviously, nothing but disastrous consequences for the Chinese people can be expected. The tactics they will adopt against China may be similar to the attack they carried out against Japan, first creating a huge securities bubble, during which the Chinese economy will surreptitiously pass "under their wing."

First, we will experience several years of very strong growth, just like Japan in the years 1985-1990, then they will implement their game of generalized massacre. They will launch a devastating financial strike, like a nuclear strike, contactless and remote; they will ensure that the entire world loses confidence in the Chinese economy; and domestic and international investment funds will flee.

Eventually, they will organize the great sell-off of China's critical assets and begin their systematic disintegration of the Chinese economy. This is the *sine qua non,* but also the most difficult stage, of the process of global unification.

However, a serious obstacle stands in their way: the Chinese Communist Party, which rules the Middle Kingdom without sharing power. Because to "dismember" the Chinese economy, they must first go through the "democratization" process, and since the Chinese Communist Party will not see it that way, it will not be easy...

1973: The Yom Kippur War and the dollar's response

Contrary to popular belief, the 4 [e] The Arab-Israeli War, triggered by the invasion of Israel on October 6, 1973, by Egypt and Syria, was the result of a series of events secretly orchestrated by Washington and London. The man behind this vast manipulation was Henry Kissinger, Richard Nixon's national security adviser.

Kissinger, whose extensive diplomatic networks were extensive, not only maintained close relations with the Jewish state, but was also closely listened to by the Egyptians and Syrians. His method for fanning the flames of discord was simple: he systematically misrepresented critical elements of their adversaries to each interested party. In short, he was a master at adding fuel to the fire by giving the impression of being an impartial arbiter.

Machine Translated by Google

Five months before the outbreak of the Yom Kippur War, in May of that year, the annual meeting of the Bilderberg Group was held in Saltsjöbaden, Sweden, bringing together 80 figures from the worlds of finance, business, and politics, plus four representatives of the mainstream press. The location chosen for this meeting was no coincidence, as Saltsjöbaden was the island resort of the Swedish banking family, the Wallenbergs.(225)

Kissinger, of course, attended this meeting, as in previous years, as did Prince Bernhard of the Netherlands and David Rockefeller, the two co-founders of the group, in 1954. Prince Bernhard, who, let us recall, had married Queen Juliana, the major shareholder of *Royal Dutch Shell,* chaired the meeting. David Rockefeller, the very discreet and true leader of the Bilderberg group, president of *Chase Manhattan Bank* and major shareholder of the oil company Exxon, brought in his luggage his friend and confidant Zbigniew Brzezinski. Also attending this meeting was Baron Edmond de Rothschild, grandson of the "father of Israel," his namesake grandfather.

One of the topics discussed was finding a remedy for the weakness of the dollar, which had now lost its status as a currency convertible into gold. and restore confidence in the American currency to regain control of the monetary and financial battlefield.

An American speaker, Walter J. Levy, the eminent expert in oil affairs, presented the outlines of a "scenario" for a imminent 400% increase in OPEC oil revenues.

The purpose of the secret meeting in Saltsjöbaden was not to prevent the expected oil shock, but rather to plan how to deal with the imminent flood of petrodollars, a process that Foreign Minister Kissinger would later call "recycling the petrodollar flood ."(226)

This bold plan was intended to achieve several objectives. First, given that since the widespread use of global oil transactions in US dollars, the price of a barrel had quadrupled, global demand for dollars had increased to cover the massive exchanges of this currency between countries after the abolition of its convertibility into gold.

Moreover, thanks to the effective work of the "economic assassin" a few years earlier, many Latin American and Southeast Asian countries had taken out excessive loans. As soon as oil prices began to soar, the United States would sharply raise its interest rates, and these economically underdeveloped but resource-rich countries would become a flock of lambs waiting to be slaughtered.

The best part of this plan was that everyone else could be blamed! After engineering Egypt and Syria's attack on Israel, the United States provoked the Arabs by supporting Israel, prompting the angry Arab countries to implement an embargo against Western countries. Oil prices soared, and the world's anger shifted to the Arab countries.

On the one hand, the international bankers watched from afar as the tigers killed each other, and on the other, they ensured that petrodollars flowed back, thus killing two birds with one stone: removing the dollar from its weak position, thus regaining the initiative on the financial battlefield; and being able to easily and painfully shear the sheep of Latin America or Indonesia. This plan was marvelous...

Looking back at the actions of international bankers throughout history, we realize that they have always followed an "optimal algorithm." They achieved at least three of their objectives through their major strategic operations, and always achieved a winning double. International bankers have always been masters of "combination moves." In this case, the collaboration of the two **Nio(227),** Brzezinski and Kissinger, in implementing the bankers' plan was extremely fruitful.

Brzezinski drew up the plans, while Kissinger, as information "czar" under the Nixon administration, became involved. directly in their execution. William Engdahl, in *A Century of War,* points out:

US intelligence reports, including intercepted information from Arab officials confirming the escalation of war, were firmly suppressed by Kissinger, who was then Nixon's "eminence grise" in intelligence matters. The script for the war and its aftermath, Kissinger's infamous "diplomatic demarches," were written along the precise lines of the Bilderberg deliberations held at Saltsjöbaden in May, six months before the war broke out.
The Arab oil-producing countries were to become the scapegoats for the coming global anger, while the Anglo-American interests responsible for this situation remained quietly in the background.(228)

Kissinger, alternating between seduction and coercion, convinced Saudi Arabia to become the first OPEC member to cooperate with the United States, purchasing US Treasury bonds with its petrodollars, which were then repatriated. Thanks to Kissinger's efforts, OPEC ministers agreed to use only the dollar for oil settlements. The world currency thus entered the petrodollar era. The soaring oil price led to a growing demand for dollars for oil transactions, and the US currency thus regained international stature.

From 1949 to 1970, the world price of oil remained stable at $1.90 per barrel. From 1970 to 1973, it gradually increased to $3 per barrel. On October 16, 1973, shortly after the outbreak of war, OPEC increased the price of oil by 70 *percent* to $5.11 per barrel. On January 1 , 1974, it doubled again to $11.65. Between the Bilderberg meeting in May 1973 and January 1974, the price per barrel had climbed 400 *percent.*

In 1974, President Nixon, unaware of the ongoing shenanigans, tried to send his Treasury secretary to pressure OPEC to lower the price of a barrel. In a memo, an official who was aware of what was going on behind the scenes said:

It was the bank bosses who rejected this advice and pushed for a "recycling" program to adapt to a higher oil price. It was a fatal decision... (229)

The era of high oil prices led to double-digit inflation in Western countries and severe monetary erosion, visibly eroding the savings of ordinary citizens. Worse, this 400% rise in oil prices had a terrible impact on developing countries. According to Engdahl:

The vast majority of the world's less developed economies, lacking significant oil resources of their own, were suddenly faced with an unforeseen and unpayable 400% increase in the cost of their energy imports, not to mention the cost of petroleum-derived chemicals and fertilizers. It was at this time that commentators began to talk about "triage," that wartime idea where only the fittest survive, and introduced the term "Third World" **[…](230)**

In 1973, India enjoyed a trade surplus and healthy economic development. In 1974, India's foreign exchange reserves stood at $629 million, but its annual oil bill was twice that, at $1.241 billion. Sudan, Pakistan, the Philippines, Thailand, African, and Latin American countries all faced deficits one after another.

Machine Translated by Google

abysmal externalities. According to the IMF, in 1974, the cumulative trade deficit of developing countries reached 35 billion dollars, an astronomical figure for the time. After several years of strong industrial and commercial growth in the early 1970s, the severe decline in industrial activity throughout the world during 1974-1975 reached proportions not seen since the Second World War.(231)

During the 1970s, many developing and industrializing countries relied heavily on low-interest loans from the World Bank. But rising oil prices devoured their funds. Their industrialization process stalled, and they found themselves unable to repay the World Bank loans. How could they borrow more money to buy oil and pay huge interest?

The international bankers and the IMF then cast their nets to catch new fish. As usual, the IMF imposed drastic conditions in return for its aid, forcing developing countries to swallow the IMF's famous potions: the privatization of essential national assets, the liberalization of capital markets, the commodification of the basics of life, and drastic cuts in their national budgets. These "cures" maimed or destroyed most of the developing world countries that followed the prescription. Those that refused suffered even greater losses.

Paul Volcker: The global economy is experiencing a "controlled collapse"

" *Volcker was chosen because he was Wall Street's candidate. In fact, that was the price they were asking. What did anyone know about him? That he was capable and brilliant and that he was conservative! What was not known was that he would impose dramatic changes.*

Charles Geisst, academic,
essayist and former banker.

In 1973, David Rockefeller, chairman of *Chase Manhattan Bank,* launched a new "think tank" called the "Trilateral Commission" with the goal of strengthening financial relations between North America, Western Europe, and Japan. Brzezinski was entrusted with its leadership. Its core members were, logically, prominent bankers, entrepreneurs, and politicians from North America, Western Europe, and Japan.

The Commission established three headquarters, in New York, Tokyo, and Paris. The chairman of the New York headquarters was, of course, David Rockefeller, and Zbigniew Brzezinski, his advisor, was the executive director. Brzezinski had a friend, Dean Rusk, a professor at Columbia University.
A native of Georgia, he had served as Secretary of State under Kennedy and Johnson.

He proposed to Brzezinski that he invite Georgia Governor Jimmy Carter to join the Trilateral Commission, after praising his entrepreneurial spirit and political vision.

Thanks to Rusk's enthusiasm, Brzezinski and Carter met twice. Brzezinski immediately took a liking to Carter and was convinced that he would accomplish great things in the future. He wanted to sponsor him, but becoming a member of the Commission required a vote, which would be difficult to obtain given Carter's marginal political position. Brzezinski recommended him to David Rockefeller, highly praising his virtues.

The Executive Chairman of the Trilateral Commission followed his advice and appointed him personally. Thus, the quiet Georgia governor became a member of the Trilateral Commission. It was a crucial step in the long-distance race that led to his presidential election five years later. After Carter's accession to the White House in 1977, Brzezinski was naturally appointed National Security Advisor. He was, in effect, there to represent the "regency" of international bankers, as Kissinger had done under Nixon.

In 1978, the seat of chairman of the Federal Reserve became vacant and David Rockefeller, who represented the international bankers, strongly recommended the name of Paul Volcker to Jimmy Carter. The *New York Times* noted:

Volcker's choice won the approval of bankers in Bonn, Frankfurt and Switzerland.

The New York Stock Exchange jumped 9.73%, and the dollar suddenly strengthened on international markets. Since Eugene Meyer's resignation from the Federal Reserve, members of the major international banking families had retreated behind the scenes in the financial markets. They maintained their control over the Fed through rigorous selection of candidates for chairman. Paul Volcker perfectly met their expectations.

He studied at Princeton and Harvard, then at the *London School of Economics,* before becoming an economist at the Federal Reserve Bank of New York (1952), then at *Chase Manhattan Bank* (1957). In 1962, he joined the Treasury Department where he participated in the abolition of the gold standard under Nixon.

In 1975, he was appointed president of the Federal Reserve Bank of New York, with responsibility for global operations. On 9 November 1978, in a speech he gave at the University of Warwick, Volcker said:

A controlled disintegration of the world economy is a legitimate objective for the 1980s…(232)

But what form would this "disintegration" take? In fact, it was the heavily indebted Third World countries, then the Soviet Union and Eastern Europe, that would bear the brunt. Upon taking office, Volcker emphasized "the fight against inflation worldwide," but his alliance with England would make dollar loans very expensive. Average interest rates were 11.2% in 1979, then suddenly rose to 20% in 1981; base rates reached 21.5%, and those on government debt climbed to 17.3 *%.*

Margaret Thatcher was elected British Prime Minister in May 1979, promising to "rid the economy of inflation." After a month in office, she decided to increase standard interest rates from 12% to 17 *% within twelve weeks.*
This increases the cost of borrowing by 42 *%.*

Unprecedented in industrialized countries during peacetime, Margaret Thatcher earned the nickname "Iron Lady" at the same time.
Under the banner of combating inflation, the economy entered a severe recession. Citizens and businesses had to endure this policy painfully, while English and American bankers benefited from a sharp increase in their profitability.

At that time, phrases and slogans began to circulate in the media, calling for drastic cuts in public spending, tax cuts, deregulation of markets and the destruction of unions... The developing countries

Machine Translated by Google

Developing countries were crumbling under the burden of debt, people were starving, and many died. The debt of developing countries stood at $130 billion in May 1973; by 1982, it had quintupled to $612 billion.

When the United States and Great Britain, under the cover of anti-inflationary slogans, suddenly raised their interest rates to 20 %, developing countries, exploited by these usurious loans, would be torn to shreds by international bankers. The countries of Asia, Africa, and Latin America were unaware of this financial war that was unfolding and paid a high price.

At the United Nations meeting on September 30, 1982, US Secretary of State George Schultz noted that the IMF should strictly monitor the debt repayments of developing countries. He urged these countries to make their exports "even more attractive to the West."

Moreover, only "free trade" could save them; by intensifying the sale of raw materials, they could accelerate the repayment of their debt. Mexican President López Portillo wanted to use his country's significant oil resources to modernize its industry and economy. But political circles in Washington and New York did not see it that way and could not tolerate a new, independent industrial power on their doorstep.

The decision was made to sabotage Mexico's industrial ambitions by imposing strict debt repayments at exorbitant rates. Then it was the peso's turn to come under attack, and from February 1982 onward, Mexico was unable to escape a draconian austerity program to prevent capital from fleeing the country.

The subsequent 30% devaluation of the peso, by increasing the cost of corporate debt, led Mexican industry to bankruptcy.
Mexico, which had experienced the highest growth rate among developing countries just a few months earlier, had been plunged into chaos and was now placed on the list of high-risk countries by international financial institutions.(233)

Speaking before the United Nations General Assembly on October 1, 1982 , Lopez called on the nations of the world to act together to "prevent a return to the Middle Ages." He denounced the unsustainable interest rate policy and the collapse of commodity prices as being responsible for the crisis in the financial system, declaring that it was like a "double-edged sword that threatened to cut the momentum achieved in some countries and interrupt the possibilities of progress in others." Then, without mincing words, he warned of the possibility of a unilateral suspension of debt repayments by Third World countries.

He roundly attacked the arbitrary imposition of new debt conditions under Volcker and Thatcher:

Mexico and other Third World countries are unable to comply with the agreed repayment period under conditions quite different from those that prevail now [...] We, the developing countries, do not want to become vassals. We cannot paralyze our economies or plunge our peoples into greater misery in order to repay a debt whose service has tripled, without our participation or responsibility, and under conditions imposed on us [...] Our efforts at growth in order to overcome hunger, disease, ignorance and dependency did not cause the international crisis. ***(234)***

Unfortunately, Portillo was not heard by the other Latin American countries and, only two months after his speech at the UN, he
was replaced by someone more appreciated by international bankers.

The same process that had plunged Mexico into chaos was repeated in Argentina, Brazil, Peru, Venezuela, most of black Africa, including Zambia and **Zaire(235),** Egypt, and large parts of Asia. Thanks to the Anglo-American axis' absolute control of the vote at the IMF, this institution became the world's "policeman" for enforcing the repayment of usurious debts by means of the most draconian austerity in history.(236)

Here is how William Engdahl describes this vast looting operation:

[...] the powerful private banking interests of New York and London rejected all avenues of reason. They arranged for the Federal Reserve, the Bank of England, and, most importantly, the power of the International Monetary Fund, to act as the international "policeman" in what was to become the most concerted organized operation of plunder in modern history, far surpassing anything done in the 1920s.

Contrary to the impression carefully cultivated in the media in Western Europe and the United States, debtor countries have repaid the New York and London loan sharks, these modern-day Shylocks, many times over with blood and the proverbial "pound of flesh." It is false to say that large Third World countries, after August 1982, refused to pay. Under pressure from the IMF, they had a "knife to their throat" and were forced to sign with the major private banks, often led by Citicorp or Chase Manhattan in New York, what the banks euphemistically called "debt solutions ."(237)

Debtor countries could only obtain loans by agreeing to a series of "special conditions" with the IMF, such as cutting government spending, raising taxes, or devaluing their currencies. The debt was then rolled over, and the countries concerned also had to pay international bankers a "service charge," which was included in the principal of the debts.

Mexico was forced to cut government subsidies for medicines, food, fuel and other items.
essential goods, and the peso experienced a major devaluation at the same time.

At the beginning of 1982, under the economic reforms initiated by Portillo, one US dollar was exchanged for twelve pesos; in 1989, that same dollar was exchanged for 2,300 pesos. The bankers were applying their method of controlled destruction to the Mexican economy.

According to World Bank statistics, between 1980 and 1986, interest paid by more than 100 indebted countries to international bankers reached $326 billion, a figure that must be compared to the repayment of $332 billion in principal. In total, for a debt of $430 billion in 1980, they paid $658 billion in "service."

Despite this, by 1987, 109 countries had managed to repay $1.3 trillion to international bankers. But with such high interest rates, there was concern that developing countries would never be able to repay it all. In retaliation, international bankers and the IMF initiated bankruptcy proceedings.

Countries that had accepted the "special conditions" were forced to sell a large number of essential assets such as
water, electricity, gas, telecommunications companies, as well as railways, oil, banks...

The lethality of the "controlled demolition" of economies by international bankers was becoming apparent to the world.

Machine Translated by Google

World Conservation Bank to take over 30% of Earth's land surface

Developing countries in Africa and Latin America have long been mired in a debt quagmire. To make the most of this situation, international bankers began planning an exceptionally large-scale initiative in the early 1960s, one beyond the imagination of ordinary mortals. It was a plan that ordinary people would never have dared to dream of, based on the slogan of "environmental protection."

It was also the starting point of a global strategy of "combination of blows" delivered by international bankers, of which it is necessary restore the historical context to fully understand its formidable power.

In early August 1963, at a renowned Midwestern university, a sociologist using the pseudonym John Doe received a phone call from Washington, D.C., inviting him to participate in a program in which fifteen prominent university researchers would undertake secret research. Piqued by curiosity, John Doe traveled to a place called Iron Mountain , located in New York State, near the town of Hudson.

There were huge underground facilities built there to protect against possible nuclear attacks from the Soviet Union, and hundreds of major American companies had temporary headquarters there. These companies included *Standard Oil of New Jersey, Shell Oil Company, Hanover Trust Company,* and others. If nuclear war broke out, this location would become the center of American business to ensure system continuity.

But in peacetime, this place already housed the confidential archives of these companies. The small group of discreetly recruited researchers would study the following question: if the world entered a phase of "lasting peace," what challenges would the United States face and what strategies would it adopt? This research lasted two and a **half years.(238)**

In 1967, this group of fifteen people had written a confidential report, the authors of which had to remain secret according to government requirements. However, John Doe felt that the contents were too important and should be revealed to the public. With the help of the famous writer Leonard Lewin, he published a book called *The Report from Iron Mountain* with Dial Press in 1967. Upon its release, the book shook American society. Everyone was trying to guess who John Doe was.

The report was thought to have been prepared by Robert McNamara, then Secretary of Defense and a member of the CFR, who later became president of the World Bank. It was also believed that the organizing body was the Hudson Research Institute, as its founder, Herman Kahn, was also a member of the CFR.

After the report's disclosure, Walt Rostow, Johnson's special national security adviser, immediately took "sanitizing" measures, accusing the text of being a forgery. Similarly, Henry Luce, the CFR member who controlled *Time magazine,* claimed the report was "an ingenious lie." Indeed, the debate over the report's veracity continues to this day.

However, on November 26, 1967, the *Washington Post* reviewed it in its " *World of Books" section.* The introduction was written by the renowned Harvard University economist John Kenneth Galbraith, also a member of the CFR. In his article, he claimed to have firsthand information to attest that the book was authentic, as he himself had been a guest at *Iron Mountain:*

Just as I would put my personal reputation behind the authenticity of this document, I would testify to the validity of its conclusions. My reservations relate only to the appropriateness of having revealed it to a clearly unprepared public.(239)

Although he was not involved in the subsequent work, Galbraith was often questioned about this top-secret research program. He was also asked to remain silent. Nevertheless, he twice repeated in other media his claims about the authenticity of the report published in 1967. What could possibly be so surprising about this report that it made the elites so nervous?

It turned out that it explained the "development plan for the future of the world." The fundamental objective of this report was not to discern good from evil, nor to rant about empty concepts such as right and power, patriotism, or religion! No, it was a "purely objective" report, which explicitly stated:

Lasting peace, while not theoretically impossible, is probably unattainable; even if it could be achieved, it would most likely not be in the best interests of a stable society to do so.

This is what they are saying in substance. Behind their competent academic language runs this general argument: War fulfills certain functions essential to the stability of our society; until other means of fulfilling them are developed, the system of war must be maintained and its effectiveness improved. ***(240)***

This report argues that people, in times of war or when there is a threat of war, submit more readily to the government without complaint. People are more accepting of high taxes and self-denial when they hate the enemy and fear being conquered and plundered. War and its propaganda are catalysts for strong emotions.

People may become unquestioningly obedient when they are in a state of permanent aggression, cloaked in grand, generous words like patriotism, loyalty, and victory, while those who offer critical nuances are considered traitors. In peacetime, however, people instinctively oppose high-tax policies and dislike politicians' interference in their private lives.

Maintaining a permanent state of war is therefore an essential factor of political stability, and therefore of survival for an independent country. Without war, a government's legitimacy to rule its people is limited. The possibility of war provides a government with a basis for holding power. Numerous historical examples show that when a country is no longer ready for war, the existing regime eventually collapses.

The pursuit of self-interest or resentment against social injustice leads to insubordination and dissent. War is therefore an essential factor in the stability of power, because it maintains the distinction between social classes and guarantees obedience to the government.(241)

However, this report reminds us that traditional warfare has historical limits, because it mechanically prevents the "great cause" of world government from being realized, particularly in the event of nuclear war, the consequences of which are difficult to predict, and oh so risky! With the Cuban Crisis helping, the state of mind of researchers was obviously influenced and oriented by the persistent threat of an atomic conflict with the Soviet Union.

Machine Translated by Google

To avoid this (and safeguard hopes for a unified world government), the researchers were asked: once a state of "lasting peace" had been achieved, how could it be exited without risk to American society? In other words, they were tasked with finding an alternative to war for the United States, but one that would produce the same effects. After careful research, the experts proposed a five-point alternative to war:

(1) *Economic.* An acceptable economic substitute for the system of war will require the expenditure of resources for completely unproductive purposes, at a level comparable to that of military expenditure otherwise required by the size and complexity of each society. Such a system of apparent "wasteful" substitution must be such as to enable it to remain independent of the normal economy of supply and demand; it must be subject to arbitrary political control.

(2) *Politics.* A viable political substitute for war must postulate in each society a generalized external threat, of a nature and sufficient degree to require the organization and acceptance of political authority.

(3) *Sociological.* First, in the absence of war, new institutions must be developed that will effectively control the socially destructive segments of societies. Second, in order to adapt the physical and psychological dynamics of human behavior to the needs of social organization, a credible substitute for war must generate a pervasive and easily understood fear of personal destruction. This fear must be of sufficient nature and degree to ensure adherence to societal values to the fullest extent that they are recognized to transcend the value of an individual human life.

(4) *Ecological.* A substitute for war in its function as an exceptional human system of population control must ensure the survival, if not improvement, of species, as it relates to environmental supply.

(5) *Cultural and scientific.* A substitute for the function of war as a determinant of cultural values must establish a basis of socio-moral conflict of equally irresistible force and magnitude. A substitute motivational basis for the quest for scientific knowledge must be similarly imbued with a comparable sense of inner necessity.

Meeting these five criteria is not easy. Experts first considered a "war on poverty." While poverty is a significant problem, it doesn't inspire enough fear. So the idea was abandoned. Another option was alien invasion, and while this was terrifying enough, it lacked credibility in the 1960s. This too was abandoned. Finally, everyone considered "environmental pollution."

To some extent, this was a credible and real threat. By redoubling propaganda efforts about the evils of pollution, a psychological effect as appalling as that of the end of the world after nuclear war could be achieved. The logic was undeniable: environmental pollution is a real economic waste. In response, people tolerate taxes and a reduced quality of life; they also more readily accept government interference in their private lives.

All this under the pretext of "saving our Mother Earth." It was truly a good choice! For the problem of "environmental pollution" to take over everyone's minds and cause a serious crisis on a global scale, the scientists of the "Iron Mountain" estimated that it would take a generation and a half, or 20 to 30 years. The report was published in 1967...

Twenty years later, in September 1987, the fourth *World Wilderness Congress* was held in Denver, Colorado. Two thousand representatives from sixty different countries attended. Among them, 1,500 were surprised to be presented with a document entitled the "Denver Declaration for World Conservation." In its fifth point, it stated:

> *Because new sources of financing must be mobilized to increase the expansion of conservation activities, a new international conservation banking program should be created to integrate international assistance for environmental management into coherent joint programs for recipient countries, based on an objective assessment of each country's resources and needs.*

This new type of bank would be the World *Conservation* Bank (WCB). It differed from previous meetings of this type in that it was attended by a large number of international bankers and led by Baron Edmond de Rothschild, David Rockefeller, and US Treasury Secretary James Baker.

These busy people nevertheless found time to spend six days at an environmental conference, to present and sell the WCB's financial solution. Edmond de Rothschild spoke at the conference, saying that the bank would be a "second Marshall Plan" and that by establishing it, developing countries could be "saved" from the quagmire of debt while protecting the environment.(242)

It should be noted that until 1987, the total debt of developing countries reached $1.3 trillion. The concept of the *World Conservation Bank* was to "replace debt with natural resources," according to the *Debt for Nature Swap principle.* The international bankers' plan was to refinance this $1.3 trillion debt owed by developing countries. How? By transferring their debts to the WCB's accounts.

In this way, the indebted countries would use their lands as collateral, which were on the verge of ecological crisis, and they could obtain an extension of their credits, and even be granted new loans for weak currencies. The lands surrounded by international bankers were located in Latin America, Africa, and Asia, and covered an area of fifty million km², or 30% of the Earth's surface!

In the 1970s, developing countries borrowing from the IMF and international bankers provided no guarantee other than the trust placed in them. After the outbreak of the debt crisis, international bankers struggled to implement the bankruptcy settlement.

But as soon as the debt was deposited with the *World Conservation Bank,* the bad debts turned into quality assets. Since the WCB held land as collateral, as soon as a developing country was unable to repay its debt,

Machine Translated by Google

These lands belonged to the *World Conservation Bank.* And the international bankers who controlled these vast areas of land could logically become their true owners.

Compared to the scale of 19th - century *enclosures* , the WCB's was unprecedented. With such advantages, it's no wonder the Rothschilds and Rockefellers took the trouble to travel six days to this meeting on environmental protection. José Pedro de Oliveira, a senior official in Brazil's Ministry of Finance, spent a sleepless night after hearing Edmond de Rothschild's proposals for the *World Conservation Bank.*

He believed that if this bank provided loans in weak currencies, it would help the Brazilian economy, in the short term, restart its economic engine. But in the long term, if Brazil were unable to repay, the treasure that is the Brazilian Amazon rainforest would no longer belong to it. The resources pledged were not only the soil, but also the water and other natural resources present in the subsoil.

The name *World Conservation Bank* probably sounded too "capitalist." It was renamed *the Global Environment Facility* (GEF) in 1991. It is managed by the *World* Bank, and the U.S. Treasury is its largest shareholder. The bankers' long-term plan was gradually coming together.

The Financial Nuclear Bomb: Tokyo

" *For quite some time now, Japan has been producing more than it consumes, and the United States has been consuming more than it produces. Japan has accumulated financial assets abroad, while the United States has accumulated debt.*

This dual movement accelerated from the moment President Reagan was elected on a program of tax cuts and increased military spending […]. […] the American president […] continued the search for this somewhat utopian military superiority, at the cost of making American domination totally illusory. As for Japan, it wanted to continue growing in the shadow of the United States for as long as possible.

[…] Japan has, in effect, emerged as the world's new banker – taking deposits from the rest of the world, and lending and investing in the rest of the world.

[…] Nevertheless, the prospect of Japan emerging as a dominant financial power is troubling, not only from the point of view from the point of view of the United States, but for the rest of the world. **" (243)**

George Soros, 1987.

During the First World War, England relinquished its position as the leading international lender to the United States, and at the same time lost the global dominance of its currency, the pound sterling. International bankers, anxious to guard against any potential competitor capable of disrupting or destroying their world government and single currency, kept this event in mind.

The rapid rise of East Asian countries after World War II set off alarm bells from the City of London to Washington, including Wall Street. Japan, as the first Asian economy to take off—whether in terms of the quality of its economic growth, the competitiveness of its industrial exports, or the scale of its wealth accumulation—quickly triggered panic among our international bankers.

In the late 1980s, Lawrence Summers, Clinton's Treasury Secretary, warned:

An Asian economic bloc with Japan at its apex is in formation… this raises the possibility that the majority of Americans, who now feel that Japan poses a greater threat to the United States than the Soviet Union, are right.

After the war, Japan made a fortune copying Western products, rapidly lowering prices and eventually capturing markets in America and Europe. In the 1960s, Japan began using industrial robots on a large scale in the automobile industry, and the rate of artificial errors fell to virtually zero.

After the oil crisis of the 1970s, American production of large-capacity automobiles was overtaken by more fuel-efficient Japanese cars. In the entry-level automotive sector, the United States gradually lost its ability to resist the invasion of Japanese cars. Beginning in the 1980s, the Japanese electronics industry also experienced a surge.

Companies like Sony, Hitachi, and Toshiba moved from imitation to innovation and quickly mastered all the manufacturing technologies for integrated circuits and computer chips, in addition to central processors. The United States even had to use Japanese chips to manufacture its missiles.

American industry bosses thought it was only a matter of time before Toshiba and Hitachi did the acquisition of IBM and Intel, while American workers feared that Japanese robots would steal their jobs.

In the early 1980s, the high interest rate policy in the United States and England obviously restored confidence in the dollar, but bludgeoned a large number of developing countries in Africa and Latin America.

These high interest rates also dealt a serious blow to North American industrial strength, opening the door wide to the invasion of Japanese products into the American market. Just as Japan and its people were beginning to enjoy the pleasure of being able to say "no," a war of financial strangulation was launched against the country by the international bankers.

In September 1985, they got to work. The finance ministers of the G5 (the United States, Great Britain, West Germany, France, and Japan) signed the Plaza Accords at the New York hotel of the same name, to appreciate currencies other than the dollar in joint interventions.

In fact, it was a "controlled" devaluation of the dollar against other major currencies. Under pressure from James Baker, the US Treasury Secretary, the Bank of Japan agreed to appreciate the yen. Within months of the Plaza Accords, when one dollar could be exchanged for 250 yen, the Japanese currency appreciated by nearly 60% against the US dollar.

In October 1987, on the infamous "Black Monday," the New York Stock Exchange faltered. Baker, still Finance Minister, pressured Japanese Prime Minister Nakasone to keep the Bank of Japan lowering interest rates. The US market had to appear

Machine Translated by Google

more attractive compared to Japan and that funds invested in Tokyo are shifting to the United States.

Baker threatened that if the Democratic Party came to power, it would crack down hard on the US trade deficit with Japan, but added that if the Republican Party remained in power, Bush would largely promote US-Japan friendship.
Nakasone complied with these demands and lowered Japanese interest rates to 2.5 %. With the cost of speculation suddenly reduced, cash began to flow into the stock market and real estate.

The Tokyo Stock Exchange recorded annual growth of 40%, and real estate prices soared by more than 90 %. A massive financial bubble began to form. In such a short period of time, exchange rates shifted dramatically, severely hampering Japanese exports. To offset the foreign trade deficit caused by the appreciation of the yen, companies took out low-interest loans to play the stock market. Overnight, Japan became the world's central bank.

By 1988, the world's ten largest banks had Japanese names. But the Japanese euphoria was short-lived. The Tokyo Stock Exchange had risen 300% in the three years following the signing of the Plaza Accords. The value of real estate, the collateral for Japanese loans, rose at the same rate.

At the height of the Japanese bubble, the value of real estate in Tokyo, measured in dollars, exceeded the value of all real estate in the United States combined. The nominal value of all stocks listed on the Nikkei(244) represented more than 42% of the total value of stocks in the world, at least on paper. But not for long...(245)

Certainly, had it not been for this devastating shock, the Japanese economy might have achieved a soft landing, with a gradual tightening of credit. But Japan failed to realize that it was undergoing an intentional financial strangulation operation as part of an undeclared war.

Given the country's financial strength, international bankers had no certainty of victory on the traditional financial battlefield. To deal a fatal blow to the Japanese financial system, they had to use the financial nuclear bomb that the United States had just developed: the stock index futures market.

In 1982, the Chicago *Mercantile Exchange* was the first to successfully develop a formidable financial weapon on this type of market, designed to circumvent the financial instruments of the New York *Stock Exchange* (NYSE).

Thanks to the derivatives thus created, market operators could bet on the rise or fall of all 500 largest companies listed on the NYSE, the S&P 500 index, without ever directly playing or holding the shares of any particular company, and with leverage. All they had to do was take a position on the rise or fall of the entire index, that is, on the weighted average of the 500 largest listed companies, using these new "derivative" instruments.

In the 1980s, the Japanese economy's takeoff led many Japanese to feel a sense of superiority. When Japanese stocks peaked at a price so high that it defied reason for even the wisest Western observers, the Japanese thought they were unique.

But from the end of 1989, barely had Tokyo begun to cool off from the speculative fever when the major Wall Street investment banks, led by *Morgan Stanley and Salomon Brothers,* began to use their exotic derivatives and other financial instruments.

With plenty of cash in hand, they set out in search of potential targets. Their aggressive intervention turned the steady decline of the Tokyo stock market into a near panic, while Wall Street bankers made a killing shorting Japanese stocks.(246)

Japanese insurance companies, the largest investors in Tokyo, quickly became interested in these new financial instruments. They felt that the Americans must have been stupid to invest so much money in speculation about a Japanese stock market crash, which, according to them, could not possibly happen.

Since American investment bankers were paying cash for a promise that was worthless to the Japanese, Japanese insurance companies agreed to bet against the Americans on the direction the Nikkei would take. The Americans bet on a decline, the Japanese on a rise.

No one outside the Japanese Ministry of Finance knew the exact amount of these unregulated and secret "pledges" being sold by Japanese companies. However, the total amount of options traded over the counter worldwide was estimated at between $10 billion and $75 billion, and most of these were Nikkei futures options.

On December 29, 1989, the Nikkei reached an all-time high of 38,915. It was at this point that *put warrants ,* futures options betting on a decline, began to show their power. On January 12, 1990, the Americans pulled *Nikkei put warrants out of their sleeves,* betting on a decline in the Japanese index, which appeared on the NYSE.

Based on the promises they had purchased from Japanese insurance companies, Goldman Sachs' investment bankers in turn sold these promises to the Kingdom of Denmark, which promised to pay investors if the Nikkei fell. In effect, the Kingdom of Denmark was "renting" its reputation to *Goldman Sachs,* in order to lend a touch of respectability to these derivative instruments.

They sold so well that *Salomon, Paine Webber and Bankers Trusts* rushed into the market with similar financial instruments.
The promises that the Japanese insurers had made came back to haunt them. The same month these options were issued, the Nikkei began to fall.(247)

By 1992, the Japanese stock market had lost 60% of its value. The crash spread to banks, insurance companies, and manufacturing. Japanese companies, which had previously been able to raise funds at half the cost of their American competitors, now found themselves unable to finance their development projects. Japan then entered a long recession.

In his book, *The Financial Defeat,* Japanese economist Yoshikawa Mototada argues that Japan's impoverishment during the 1990s was proportionally comparable to that of World War II. William Engdahl assessed Japan's financial loss: *No country in the world supported the Reagan-era*

budget deficits and excessive spending more loyally and energetically during the 1980s than did America's old enemy, Japan. Even Germany was never so supportive of Washington's demands. But as perceived by the Japanese, Tokyo's loyalty and its generous purchases of the

Machine Translated by Google

US Treasury debt, real estate, and other assets, was rewarded in the early 1990s with one of the most devastating financial meltdowns in world history.(248)

In the summer of 2006, the new US Treasury Secretary, Henry Paulson, visited China. And when people heard him say that he "wished China succeed," they couldn't help but shudder. It's unclear whether his predecessor, James Baker, said the same thing to Japanese Prime Minister Nakasone when he shook his hand.

Soros and the Financial Pirates

For a long time, the media has portrayed George Soros as a "lone wolf" or a "maverick" financial genius. The figure is shrouded in mystery and legend. Paul Krugman once said of him that people whose names formed a palindrome couldn't be ordinary.

It is generally believed that in his early days, Soros acted as a maverick, that he was a kind of financial pirate who could single-handedly launch challenges to the Bank of England, that he had the power to shake up the Deutsche Mark or wipe out the Asian financial market... Perhaps only simpletons believe in such fables.

Soros's Quantum Funds, which swept the world's financial markets, were registered in the Caribbean, on a tax-free island in the Netherlands Antilles, the tax haven of Curaçao, where the names of the fund's investors can be kept secret and the traces of capital movements hidden. It is also the largest money-laundering center for drug traffickers.

According to the US Securities and Exchange Commission Act, a hedge fund *cannot* have more than 99 investors. qualified(249) of American nationality. Soros therefore ensured that none of the super-rich participating in his hedge funds were American.

In managing his offshore funds, Soros was not even a board member, but participated in operations as an "investment advisor." Furthermore, he also chose to carry out his consulting role under the name of his New York-based company, *Soros Fund Management.* If the US government asked him to provide details on the funds' operations, he could claim to be merely an advisor and thus evade regulatory scrutiny.

On the board of directors of *Quantum Fund NV* were Richard Katz, former head of the London bank *NM Rothschild & Sons* and of *Rothschild Italia SpA* in Milan; Nils Taube [died 2008], a partner in *St. James Place Capital,* whose main operator was Rothschild; William Lord Rees-Mogg [died 2012], a columnist for the *London Times,* also a partner in *St. James Place Capital* controlled by the Rothschilds; and Edgar de Picciotto, one of the most controversial figures in Swiss private banking.

Picciotto's friends included Edmond Safra, who owned the *Republic National Bank of New York.* Safra, nicknamed "the banker to the rich," was at the center of a bizarre story involving the embezzlement of Russian money through several New York banking institutions. At the heart of the scandal was the *Bank of New York* and, presumably, the Russian mafia. Safra was for a time accused of being linked to drug trafficking and Iran-Contra, the illegal sale of arms to the Nicaraguan contras.(250)

Soros's inner circle also included Marc Rich (who died in 2013), a prominent Swiss speculator, and Saul Eisenberg (who died in 1997), an arms dealer and Mossad agent. Soros's personal connections with the Rothschilds made him the front man for the world's most secretive and powerful financial group.

As we have seen in previous chapters, the Rothschilds were once the rulers of the City, the founders of Israel, the ancestors of intelligence networks, the mentors of the five biggest families on Wall Street, the decision-makers of the price of gold and, until today, the real operators of the London/Wall Street axis.

No one knows the true size of their fortune. The Rothschilds, and other international bankers, put Bill Gates and Warren Buffett in the spotlight to better hide behind it, but their wealth in Switzerland or lying dormant in offshore accounts in every tax haven on the planet far exceeds that of the two "richest men in the world."

George Soros has multiple connections with the elites. He invested $100 million of private funds in the Carlyle Group, a major player in the military-industrial complex, which also included the Bush family and former US Treasury Secretary James Baker. In the 1980s, Soros and North American politicians such as Brzezinski and Madeleine Albright co-founded the *National Endowment for Democracy* (NED), which was actually established *as a joint venture* between the CIA and private capital.

Under instructions from international bankers, Soros caused crisis after crisis to erupt in the world's financial markets; a relentless promoter of the "controlled disintegration" of the global economy to pave the way for a "world currency" and a "world government" controlled by the London/Wall Street axis, all his exploits reflect the strategic intentions of his sponsors.

In the early 1980s, international bankers essentially carried out the "controlled demolition" of the economies of developing countries. By the mid- and late 1980s, they were able to curb the expansion of Japanese financial forces. After the situation in Asia was brought under control, Europe once again became the focus of international bankers' attention.

Ruining Eastern Europe and the Soviet Union became their priority. Soros, who bore this great responsibility, became a philanthropist and established various foundations in Eastern Europe and the former USSR. These foundations were modeled on *the Open Society Institute,* his parent foundation in New York, which advocated the concept of individual freedom to the point of irrationality.

For example, he funded the *Central European University,* which was open to young people from socialist regimes and where they were taught that the concept of state sovereignty was bad and anti-individualistic, that economic liberalism was the panacea, and that a rational approach to social phenomena was despotic. The ideology of this school aimed to shape "men and government" and naturally received the support of the CFR. The famous American critic Gilles d'Aymery gave a precise description of the true intentions of Soros and the "generous" donors, the international organizations:

[…] behind the veil of legitimacy and humanitarian concern, one can find these same powerful people and organizations, such as Soros's Open Society Institute, the Ford Foundation, the United States Institute of Peace, the National Endowment for Democracy, and many others, funding and utilizing a maze of well-known NGOs, such as Human Rights Watch, Amnesty International, the International Crisis Group, etc., as well as more obscure entities […]. But, among all these people, shining like the evening star, is George Soros, who, like Jules Verne's giant octopus, extends his tentacles throughout Eastern Europe, Southeastern Europe, the Caucasus, as well as the republics of the former Soviet Union.(251)

Machine Translated by Google

By coordinating these organizations, Soros was able not only to shape but also to create media information, the public agenda, and public opinion, to control the world and its resources, and to promote the ideal of perfection of the single, American-made system. Soros played an invaluable role in the process of Eastern European countries' exit from communism.

In Poland, his foundation successfully captured the state and directly influenced the first three post-communist presidents. Soros and former Federal Reserve Chairman Paul Volcker, Citibank Vice Chairman Anno Ruding, and Harvard professor Jeffrey Sachs together concocted "shock therapy" for Eastern Europe and the former Soviet Union (see Chapter 5).

Poland, Hungary, Russia, and Ukraine were severely pillaged one after the other. The only difference with Africa and Latin America was the military power of Russia and the Eastern European countries, enough to keep the United States awake at night, but which did not prevent these countries from nevertheless suffering a large-scale organized raid. A first in human history! To effectively destroy a country, there is nothing like starting by shaking its morale.

"The arc of crisis": the blocking of the European currency

Unrest followed unrest, and as one wave receded, another was already rising. After the strategic objectives of "controlled demolition" of Eastern Europe and the former USSR had been achieved, France and Germany, the pivots of old Europe, which had always been excluded from the core of power, began to stir.

After losing the communist bloc, that great external threat, they wanted to create the euro and compete with the United States and England. As soon as the euro was created, it surely and ardently undermined the hegemony of the dollar system. Monetary conflicts between the London/Wall Street axis and the Franco-German alliance intensified.

The origin of the problem lies in the demise of the Bretton Woods system in 1971, which caused serious disruptions in the global monetary system. Under the Bretton Woods system of indirect gold standards, exchange rates between the world's major currencies were very stable, and there were no specific problems related to trade and financial imbalances. But after 1971, the banking system's credit capacity declined, automatically leading to austerity, recession, and declining consumption. With the decline in imports, the trade deficit disappeared.

When people begin to save, bank capital begins to grow, the scale of production expands, the trade balance becomes favorable, and society's total wealth increases. This beautiful natural cycle and its control system have been repeatedly verified by human social practice before 1971.

There was nowhere to hide serious deficits; there was virtually no need to hedge monetary risks; derivative financial instruments had no conditions for existence. Under the constraints of gold, all countries had to honestly accumulate wealth through hard work; this was also the fundamental reason why international bankers hated gold.

After losing gold, the international monetary system naturally fell into disarray. The oil crisis created a growing demand for dollars, and the high cost of credit allowed the dollar to gradually regain a degree of stability. For their part, the European countries, forced to ride this monetary roller coaster, were having a hard time with the situation.

It was then that, in the late 1970s, German Chancellor Helmut Schmidt met with French President Giscard d'Estaing to discuss the creation of the European Monetary System (EMS) and eliminate exchange rate instability in trade transactions between European countries. In 1979, the system began operating. The results were encouraging, and European countries expressed interest in joining. This system would haunt the elites of the London/New York axis, anxious about the possibility of a single currency in Europe.

Even more worrying, starting in 1977, Germany and France began intervening in OPEC affairs, helping these countries industrialize, on the condition that the Arab countries promise to supply them with oil over the long term and that the oil revenues be deposited in the European banking system. London strongly opposed the French and German plan, and when its efforts failed, the United Kingdom refused to join the EMS.

At the time, Germany's ideas went even further, as it was already considering reunification. Finally reunified after 1989, it began to completely dominate the European continent with its newfound power and moved closer to Russia to maintain beneficial relations with it.

To better counter the Franco-German plan, London/Wall Street advisers proposed creating an "arc of crisis." The aim was to stimulate the radical forces of Islam, plunge the oil-producing countries of the Middle East into turmoil, with waves that could extend as far as the densely populated southern regions of the USSR, undermine the prospects for cooperation between Europe and the Middle East, hinder the progress of the single currency in Europe, and contain the Soviet Union.

Moreover, the United States prepared for its future intervention in the Gulf, killing two birds with one stone. Brzezinski, the National Security Advisor, and Cyrus Vance, the US Secretary of State, did a good job, as serious unrest erupted in the Middle East.

In 1979, Iran underwent its revolution and the world experienced its second oil crisis. In reality, the world had never really suffered from a shortage of hydrocarbon supplies. Iran's suspension of the supply of three million barrels could be offset by production from Saudi Arabia and Kuwait, two countries under US control.

The oil and financial oligarchs of London/Wall Street allowed the price of a barrel to soar, in part to stimulate demand for dollars. With one hand, they controlled the oil industry and with the other, the issuance of the dollar, and sometimes their left hand moved while the right hand reaped more profits; sometimes it was the other way around, thanks to the alternating work of both hands!

Another brilliant idea of Brzezinski's was to play the "China card." In February 1978, the United States and China officially established diplomatic relations. Shortly thereafter, China rejoined the United Nations. This ploy greatly irritated the Soviet Union, which suddenly felt surrounded by the enemy: NATO to the West, the United States to the East, and the "arc of crisis" to the South. The Soviet Union became frightened and broke off its already fragile relations with Germany.

After the fall of the Berlin Wall in 1989 and the German celebration of reunification the following year, Wall Street felt a great deal of bitterness. David Haie, an American economist with ties to Bush's Treasury Department, warned in January 1990 of the strategic "dangers" for American financial markets if German unity were to succeed(252) :

Machine Translated by Google

Indeed, when the financial history of the 1990s is written, analysts may look back on the fall of the Berlin Wall as a financial shock comparable to the long-feared Tokyo earthquake. The destruction of the Wall symbolized a uprising that could end up diverting hundreds of billions of dollars in capital to a region that has not only been a minor player in global credit markets for sixty years. […]

Nor should Americans console themselves with the fact that Germany itself has been only a modest investor in the United States in recent years. The largest investor in the United States since 1987 has been Great Britain (over $100 billion in takeover bids), and the British could not have made these large investments without access to the Germans' excess savings.(253)

If England became the first direct investor in the United States, it was by relying on the savings of the Germans. Thus, As a result, the United States managed to capture a large part of German wealth.

Feelings in London were even more intense, and some of Thatcher's advisers went so far as to say that the "Fourth Reich" was born. A *Sunday Telegraph* editor expressed the thoughts of the Thatcher faction in these terms:

Suppose a united Germany becomes a benevolent giant, what will happen then? Suppose a united Germany shows Russia how to become a benevolent giant, what will happen then? […] In truth, it could be a dangerous threat, and not the other way around. For how on earth could an effective defense oppose a united Germany that intends to follow the rules? Germany is going to become very powerful and, as Lord Acton taught us, power corrupts […]. Germany is wonderfully well placed, finally, to be the principal agent who will bring the Slavic kingdom back into the concert of nations.(254)

In the summer of 1990, London created a new intelligence agency to upgrade its intelligence activities in Germany. A former US intelligence official had recommended to his counterparts that they recruit agents in the former Germany. from the East and to develop a network of American spies in Berlin.

Germany, grateful to Russia for its support in its reunification, was determined to help Russia to rebuild its collapsed economy. This is how the German Chancellor envisioned the future of the new Europe: a modernized railway that would connect Paris, Hanover and Berlin, then Warsaw and Moscow; a single currency; a harmonious economy; No more wars in Europe, only a dream future. But this was not the dream of the international bankers, who were thinking about ways to undo the Deutsche Mark and European ideology, and prevent German reconstruction from being a success.

In the early 1990s, under the planning of the London/Wall Street axis, George Soros began to criticize the situations of the lira and the book. In 1990, the British government unexpectedly joined the "European Exchange Rate Mechanism," despite opposition of the City. Seeing the euro system gradually taking shape and becoming a major risk for the London/Wall Street axis, the bankers internationals planned to strangle the euro system in its cradle.

Upon reunification in 1990, Germany faced huge unforeseen expenses and decided to raise interest rates to overcome inflationary pressure. The situation in the United Kingdom, which had joined the European Exchange Rate System the same year, was no better. Inflation was three times higher, interest rates reached 15% and the economic bubble of the 1980s was on the point of bursting.

From 1992 onwards, the UK and Italy faced a double pressure, with budget deficits adding to inflation. Their currencies tended to be overvalued and speculators, led by Soros, saw an opportunity and launched a general attack on September 16, 1992. The total amount of short selling of pounds sterling reached more than 10 billion dollars.

At 7:00 p.m., England announced its surrender. Soros made $1.1 billion from the deal, and the pound and lira were damaged. left the European Monetary System. Subsequently, Soros wanted to attack the French franc and the Deutsche Mark, but despite the sum of Forty billion dollars that he bet, he received no benefit or profit from it. The financial empire nevertheless supported him at arm's length whatever happens.

The attempt to strangle Asian currencies

On the Far Eastern front, the London/Wall Street axis had already attacked the Japanese economy, deemed too aggressive, then the economy of the former Soviet bloc countries. The dream of a unified Europe of Germany and France was also temporarily stopped, while Latin America and Africa had long been in their pocket.

Confident, international bankers then looked beyond the four seas and realized that the model The economic growth of Southeast Asia was booming, which they did not see favorably. Indeed, the governments of these countries were putting implement effective development policies, based on a very high savings rate and massive investment in the mobilization of national resources and exports.

From the 1970s onwards, these constructive policies propelled these Southeast Asian countries towards unprecedented economic prosperity. precedent, and these measures became extremely popular. The standard of living and education improved; and poverty decreased quickly.

This model attracted more and more developing countries, because it moved away from the Washington Consensus (1989), which, under disguised as implementing free trade, was in reality selling “controlled demolition” supervised by international bankers.

The latter, in order to regain control, launched a war to strangle Asian currencies, the objectives of which were: following: break the "Asian development model", create a strong depreciation of their currencies against the dollar, lower the prices of American imports to control inflation, and sell the main assets of Asian countries at very low prices to European and American companies, all to accelerate the implementation of controlled disintegration.

Another important objective was to stimulate demand for dollars in Asia. For Asian countries that had experienced the crisis financial, dollar reserves represented a treasure in critical times. The lesson that would be inflicted on them was to instill in them to never abandon the idea of a dollar reserve for another currency.

In December 1994, Paul Krugman published in Foreign Affairs a masterpiece entitled *The Myth of Asia's Miracle.* In summary, this article warned that Asian economies were heading straight for a wall, that their investments *for*

Machine Translated by Google

Improving productivity was not enough and that they should not just think about large-scale growth. All these warnings made sense, but it must be said that Asian countries were starting from a long way off.

The key to their development lay in controlling simple parameters, such as space and time, through autonomous, context-specific planning, emphasizing strengths and addressing weaknesses. This approach is natural in countries experiencing rapid growth and is quickly resolved during the development process. The bankers' attention was initially focused on Thailand. From 1994 onward, under the dual pressure of the devaluation of the RMB and the yen, Thai exports weakened, and the baht, pegged to the dollar, was dragged down by it to a very low level: the crisis had already

taken shape. At the very moment that exports were falling, a large amount of speculative foreign capital poured in, constantly pushing up real estate and stock market prices. Meanwhile, while Thailand had $38 billion in foreign exchange reserves, its external debt reached $106 billion.

By 1996, net outflows had reached 8% of GDP. To combat inflation, the Bank of Thailand had to raise interest rates, a move that worsened the country's situation, leaving the country with only one option: to quickly devalue the baht. International bankers believed that Thailand's losses were primarily due to the rising cost of its dollar-denominated debt.

Its foreign exchange reserves had already fallen by about ten billion dollars, but this loss would quickly increase thanks to the determination of the international financial market. Indeed, the financial pirates believed that the Thai government would not go down without a fight if it wanted to preserve the baht. Later developments demonstrated the acuity of their judgment.

The situation was different from the offensive against Japan that same year, as Japan's finances and foreign exchange reserves were strong. A direct attack on the Japanese currency was like trying to break a stone with eggs. International bankers introduced new financial weapons: the "standoff" and "out of sight" attack, much like an American aircraft carrier would send an air squadron to sink an armada of Japanese ships before a single shell was fired. The financial pirates' offensive against Thailand and other Asian countries was primarily directed against their currencies. Using futures contracts, they swept through Southeast Asia and Korea in six months.

Thailand suffered two defeats in quick succession: the first in its close combat with financial pirates, and the second by being trapped by the IMF. Its blind trust in this "international body" *ultimately* led it to allow foreigners to decide the country's security. It was primarily through their external debt that developing countries entered the crisis.

Managing a country or a household is essentially the same thing: high debt inevitably leads to economic fragility. In a situation where one lacks control over the external financial environment, survival is often a matter of luck. However, in reality, international bankers are manipulating international geopolitical trends.

They can thus suddenly reverse the financial environment unfavorably when it previously seemed very reliable, and, from there, increase the debt burden of developing countries. Financial pirates also sometimes attack violently without much planning, but by taking advantage of opportunities that arise. Their success rate is, let's admit, quite high.

The second reason for Thailand's financial defeat was its lack of awareness of the risks. Above all, it was psychologically unprepared for the war that the enormous power at the heart of the London/Wall Street axis would wage against it without ever declaring it. Other Asian leaders were no better prepared and repeated the same mistakes that led to Thailand's double financial defeat, misjudging the direction the enemy was taking and thus handing their countries over to financial pirates and the IMF.

Lone wolves each follow their own logic, but when they hunt in packs, they apply the principle of the division of labor. Very quickly, Soros, accompanied by Citibank, Goldman Sachs, and other major banking groups, coordinated their predatory actions. The wounded "prey" lying on the ground allowed themselves to be finished off by the IMF in an auction that had European and American companies salivating.

When investment banks buy a company, carve it up, and resell the best parts to other companies, they make hundreds of millions of dollars in the process. By the same token, carving up and auctioning off a sovereign country's core assets is a business ten or a hundred times more lucrative.

When Asian countries attempted to establish their own Asian Monetary Fund, at the instigation of Japan, to bail out struggling countries in the region, the project encountered fierce opposition from Western countries. Several key figures did everything they could to discourage the process. US Deputy Secretary of State Strobe Talbott stated:

We believe that the appropriate institution to deal with a problem like this must be trans-regional and international, rather than a newly created regional [institution], because the problem itself has ramifications that go far beyond the borders of this region.(255)

As soon as he received information about the Asian Monetary Fund, US Deputy Treasury Secretary Lawrence Summers took immediate action and fiercely opposed it. His argument was that this Asian fund would create unnecessary incentives for Asian countries to postpone the recommended adjustments and would add little to the existing **IMF-centered system.(256)** He emphasized that this regionalist approach risked reducing the resources available in future crises and weakening the ability to deal with transcontinental crises.

The IMF's first deputy managing director, Stanley Fischer, said that regional funds could not act like the IMF, that is,
say demand that the countries concerned undertake comprehensive economic reforms in exchange for aid.

Although Japan was a fervent supporter of this Asian Monetary Fund, it had to bow to pressure from the London/Wall Street axis. Initially, Japanese Finance Minister Hiroshi Mitsuzuka diplomatically declared that the proposed Asian Monetary Fund would complement the IMF and other international institutions, not compete with it. It would work closely with the IMF.

Tokyo's new concept was a "fundless monetary fund," which would serve as a rescue agency capable of making advance plans to mobilize funds and assist countries affected by attacks by international speculators. When presented at the annual meeting of the World Bank and the IMF, this proposed Asian monetary fund raised alarms in the United States and European countries, who saw it as a competitor to the IMF.

Machine Translated by Google

Finally, Prime Minister Ryutaro Hashimoto lamented:

We are not so arrogant as to think that we can assume the role of the locomotive of Asia.(257)

He added that Japan would continue to help affected Asian countries as much as possible, but that it was not its role to pull Asia out of the economic quagmire. Singapore's Deputy Prime Minister, Lee Hsien Loong, even believed that replacing the IMF with an Asian Monetary Fund would pose "moral hazards."

Yet it was hardly common sense for Asian countries to organize their own monetary fund to ward off times of crisis. And the real risk lay in enduring opposition from the London/Wall Street axis. Japan, as the region's largest economy, clearly lacked the audacity and courage to lead Asian countries out of the critical situation and out of the IMF's tutelage.

The lack of leadership left other countries bewildered. But what perplexed everyone was Singapore's perspective. What was there any "moral hazard" in providing the means to help itself and its neighbors defend themselves against plunder? If there was a moral hazard, which country did it concern?

Malaysian Prime Minister Mahathir bin Mohamad analyzed the crisis in more detail:

If currency trading is to be allowed, then it should be transparent and regulated. It is ridiculous that at a time when governments and all other businesses are being urged to be open and transparent, currency trading is being allowed to take place in almost absolute secrecy. We do not know who they are, how much capital they have, how much they have borrowed, what currency they hold, to whom they sell and from whom they buy. How much tax do they pay on the profits they have made in their target countries, and from whom? Surely, these countries collect no taxes from them.(258)

He believed that in the current system of foreign exchange trading, no one knew whether the money came from legitimate sources or from money laundering:

*Who are these bankers who can make trillions of dollars available to their clients? What is the capital resource of these banks? How much money has been invested in them and by whom? How can these banks become richer than most countries in the world ?**(259)***

When financiers attack a country's currency, they automatically lower the value of publicly traded assets. It is their operations in the foreign exchange market that cause the devaluation of Southeast Asian countries' currencies. "And as long as they remain unregulated, as long as they have trillions of dollars at their disposal, their ability to attack and damage economies will continue […] **"(260)**

After making these remarks, Mahathir bin Mohamad immediately faced criticism from the Western media. His harsh words were undoubtedly considered inappropriate for diplomatic meetings, but he had raised all the questions that were on the minds of Asians.

A South Korean firm, a Cold War partner of the United States, was devastated by the financial crisis. It asked its former partner for help, little did it know that the refusal would be so swift and resounding. For international bankers, the intimate relationship with South Korea was nothing more than a rusty Cold War wreck. The U.S. government began to seriously debate the issue, and U.S. Secretary of State Madeleine Albright and the National Security Advisor offered to rescue their younger brother.

But the US Treasury, which represented Wall Street, categorically refused, even going so far as to denounce Albright's poor understanding of economics. Finally, Clinton sided with the advice of Treasury Secretary Robert Rubin.
For the latter, this crisis opened the door wide for the Korean economy, at the right time, and he ordered the IMF to impose stricter conditions than usual on South Korea. A nice way to treat this former ally!

Under pressure from the US Treasury Department, the IMF added conditions to its aid, such as the immediate resolution of trade disputes in favor of the United States. The Koreans pointed the finger at the IMF for imposing these unreasonable conditions. For his part, Joseph Stiglitz, then chief economist at the World Bank, believed that the US Treasury had done everything it could to force crisis-hit South Korea into a complete and rapid liberalization of its financial capital markets.

As Clinton's economic advisor, he was firmly opposed to this irresponsible behavior and believed that this openness would not help secure American interests, but rather those of Wall Street banks.

The South Korean government was forced to accept draconian IMF conditions, including allowing foreigners to hold
a larger part of the economy, which had been, until then, relatively protected.

Foreign investment in capital markets will be liberalized, and foreign direct investment procedures will be simplified and made more transparent. By the end of 1997, foreign entities will be allowed to purchase 50 percent of the shares of listed Korean companies, rising to 55 percent by the end of 1998, paving the way for foreign takeovers of Korean firms. Foreign banks may be allowed to form joint ventures and set up subsidiaries.(261)

Bankers had long been eyeing Korean companies and were only waiting for Korea to sign these agreements to pounce; however, they had underestimated the strength of Korean national consciousness, which made it difficult for foreign powers to govern the country. Isolated and in a hopeless position, Koreans began donating their gold and silver to their country one after another.

When one has exhausted all one's foreign exchange reserves, the two means of payment, gold and silver, are always welcome with foreign creditors. The astonishment of international bankers increased further when they realized that South Korea did not envisage the bankruptcy of its large corporations or banks, and that Western companies would therefore not be able to acquire them.

When South Korea overcame the peak of the crisis in the spring of 1998, export revenues rebounded quickly, and the government, which had seen through Wall Street's game, resolutely rejected the IMF's bitter potion. All major companies that had initiated bankruptcy resolution froze them; the government unhesitatingly eliminated between $70 billion and $150 billion in bad loans from the banking system and regained control. The IMF was therefore excluded from the reconstruction of the Korean banking system.

International bankers and the U.S. Treasury were deeply resentful. But the episode made Korea realize even more clearly the absolute necessity of a nationally governed economy. Microsoft's acquisition of Korea's largest software company fell through, and eight local Korean software companies emerged victorious.

Machine Translated by Google

Ford's plan to acquire the Kia car company was abandoned, shattering Ford's dream. The program to acquire two major local banks by foreign banks was halted, and the Korean government temporarily took over its management.
Under the government's full leadership, the Korean economy experienced a strong recovery. Ironically, South Korea was held up as a prime example of a successful bailout by the IMF, which trumpeted this lie from the rooftops.

In 2003, Thailand repaid $12 billion of its debt early and thus escaped IMF racketeering. Thai Prime Minister Thaksin Shinawatra declared in front of a huge national flag that Thailand would "never again be a wounded prey" and would never again beg for "help" from the IMF.

The Thai government even went so far as to encourage Thai companies to refuse to repay their debt to the international bankers, in retaliation for the looting carried out by the banks in 1997.

In September 2006, there was a military coup in Thailand, and Thaksin Shinawatra resigned.

A short fable about the future of China

A man named Mahathir went to the local police to report a theft, claiming that the thief was probably the repeat offender Soros. Policeman Greenspan replied with a laugh: "You shouldn't just blame the thief, you should also look for reasons on your part. Who allowed your lock to break so easily?"

Mahathir, displeased, retorted: "Why doesn't this bandit go and rob China and India?" Policeman Greenspan replied with a sigh: "The walls of India and China are too high; it's not easy for Soros to climb them. And if he falls and dies, wouldn't I be responsible?"

Soros the Thief, who was standing nearby, had heard everything and sneered: "Surely digging holes in their walls would solve the problem?" Policeman Greenspan looked around quickly and whispered: "We've already sent Paulson to China. I heard that in early 2006, we'll be able to open some big holes."

Soros-the-thief, delighted, grabbed his cell phone and sent a text message to one of his associates: "People there are stupid, money is flowing freely, hurry up and go to China!"

Machine Translated by Google

9
GOLD, THE DOLLAR'S ACHILLES HEEL

" If *all bank loans were repaid, there would not be a single cent on deposit in the bank, nor a single coin or bill in circulation. This is a disconcerting thought. We are totally dependent on the commercial banks. Someone must always borrow every dollar we have in circulation, in specie or credit. If the banks create enough synthetic money, we prosper; if not, we starve. We have absolutely no permanent monetary system. When the whole picture is seen, the tragic absurdity of our helplessness is almost unbelievable, but it is the reality. It is the most important subject for intelligent people to study and think about. Its importance is such that our present civilization may collapse unless it is widely understood and its defects remedied very soon.* **"(262)**

Robert Hemphill,
Federal Reserve Bank of Atlanta.

The nature of money can be divided into two categories: debt money and non-debt money.

Debt money remains the primary legal tender system in developed countries to this day. It was essentially formed through the monetization of government, corporate, and personal debt. The dollar is the most typical example. Dollars are created at the same time as debt and destroyed when it is repaid.

Every dollar in circulation is an IOU, and this IOU generates interest daily, which increases with compound interest.(263) To whom does this astronomical interest return? To the banking system that created these dollars. The interest generated by this indebted dollar is outside the initial money supply, inevitably requiring the creation of new, indebted dollars to adjust the money supply.

In other words, the more money people borrow, the more money needs to be created. Debt and money are in the same bind, and the logical conclusion is this: debt keeps growing until either debt monetization is completely abandoned or the interest it generates crushes economic development, leading to the collapse of the entire system.

Debt monetization is one of the most potentially destabilizing factors in the modern economy. This is thanks to
discovered that the future meets the needs of the present. A Chinese saying goes: "Eat in April the grains harvested in May."

Another type of money is silver money, which represents debt-free money. It is not dependent on any promise or debt. It is the result of labor and has been an integral part of the evolution of social practices over thousands of years.

It does not require any government constraints; it can transcend time and borders. It is the ultimate means of payment. Of all currencies, gold and silver coins represent actual possession, while paper money is merely an "IOU." However, the value conferred on gold is quite unique.

The renminbi (RMB) lies somewhere between silver and paper money. While the yuan exists today as a debt currency, it still largely reflects the measurement of goods and services produced in the past. The issuance of the RMB is not based on national debt and is not conducted through a private central bank. Thus, China dispenses with the payment of enormous bribes to private interests. From this perspective, the RMB is closer to silver and gold money.

At the same time, knowing that the RMB is not backed by gold and silver, it has the characteristics of paper money, and must rely on the coercive power of the state to guarantee its value. A thorough understanding of the Western paper money system, especially the inherent nature of the dollar system, is a prerequisite for future RMB reforms.

The fractional reserve system: a source of inflation

Banking was conceived in iniquity and born in sin [...] The bankers own the Earth. Take it back from them, but... leave them the power to create money and control credit, and with the stroke of a pen they will create enough money to buy it back. Take that power away from them, and all great fortunes like mine will disappear. They should disappear. It would give us a better and happier world to live in. But if you want to perpetuate the bankers' slaves and pay the price for your own slavery, then let them continue to create money and control credit. [...] However, as long as governments legalize such things, you would have to be crazy not to be a banker. **(264)**

Sir Josiah Stamp, director of
the Bank of England (1928-1941)
and second richest man in the British Empire.

The first bankers were actually goldsmiths who held the gold of depositors, merchants, and travelers, to whom they gave a receipt, a certificate, which allowed them to withdraw the same amount of gold or silver coins from other goldsmiths. Their network extended as far as the Orient, and it was particularly during the Crusades that their activity developed. These certificates, which are in fact the ancestors of banknotes, gradually became an essential agent in trade.

Machine Translated by Google

Over time, the goldsmiths realized that about 10% of the deposits they held were never claimed. It was therefore necessary to make this wealth sleeping in their vaults grow. Furthermore, they precisely calculated when the remaining gold deposited with them would be claimed. All that remained was to lend more money than their gold reserves could cover.

They were so eager to make a profit from this fundamentally fraudulent enterprise that they even offered to pay interest to depositors so they could "lend" their money. These "loans," however, were deceitful, since the depositors, in possession of the receipts, were under the impression that their money was safe in the goldsmiths' vaults and therefore exchanged them as equivalent to gold.

Thus the gold in the goldsmiths' vaults was covered by two or more receipts. One genuine receipt originated from a deposit of gold stored in the vaults, while the counterfeit receipts, passing for genuine receipts, had been printed and lent by the goldsmiths. They circulated as substitutes for those same ounces **of gold.(265)**

However, there was no reason to attract the suspicions of depositors if care was taken not to issue too many certificates.
Experience showed that issuing certificates for an amount ten times greater than the gold stocks ever claimed posed no real danger. Thus, for hundreds of years, goldsmiths confidently printed counterfeit certificates because they knew the law would not be harsh with them.

It was only in the late 17th and 18th centuries that these issues were brought before the courts. On the one hand, depositors sued bankers who lent their gold to others without their permission, and on the other, bankers claimed they had the right to administer the depositors' gold as they saw fit. The classic court case, heard before the *House of* **Lords(266)** in 1848, was Foley v. Hill and Others. Lord Cottenham's submissions read:

> *Money, when paid into a bank account, ceases altogether to be the principal's money; it is then the banker's money, who is bound to an equivalent by paying a similar sum of money to that which was deposited with him when demanded. […] Money placed in the banker's custody is, all things considered, the banker's money, to be used by him as he pleases; he is guilty of no breach of trust in putting it to work; he is not accountable to the principal if he engages in a hazardous speculation; he is not obliged to keep or manage it as the principal's property; but he is, of course, responsible for its amount, because he is bound by contract.(267)*

According to British jurisprudence, Lord Cottenham's decision would mark a major turning point in the history of finance: depositors who had earned their hard-earned money in banks were no longer legally protected, which seriously undermined property rights.

The Foley jurisprudence is responsible for the fraudulent system of fractional reserve banking and the disastrous inflations of the last two centuries. This fractional reserve system would allow banks, in exchange for depositing a certain amount at the central bank, to lend money up to ten times the amount of these reserves thus constituted. And, as we have seen, lending money is equivalent to creating money.

In the 18th century , goldsmiths, who had effectively become bankers, began offering two different types of services: pure deposits and savings investments. The difference between the two lay in the ownership of the gold. In the first case, depositors had absolute ownership of the gold they deposited, and bankers had to promise them that they could recover their gold at any time in exchange for their receipts.

In the second case, depositors temporarily lost ownership of the gold they had deposited, and during this time, bankers made investments that could be risky. Only after the investment had been returned could the depositors repossess their gold.

The first case theoretically corresponded to a factual existence of gold in relation to the certificates, while the second case corresponded to an acknowledgment of debt, accompanied by a deadline. Obviously, these acknowledgments of debt were not generally accepted against payment for goods.

As we saw at the beginning of this book, during the Battle of Waterloo in 1815, the Rothschilds were informed of its outcome twenty-four hours before the British officials, which gave them control of the British bond market as well as the issue of the Empire's currency.

Soon after, they also exercised control over the issue of currency in France, Austria, Prussia, and Italy, and they fixed the world price of gold for nearly two hundred years. The Rothschild, Schiff, Warburg, and other Jewish banking families established banking networks and, in effect, constituted the first international financial system and the world clearing house, the International Acceptance Bank.

All it took was joining their network for checks from other banks to circulate from one country to another. [Along with other big names on Wall Street, including JP Morgan and John D. Rockefeller, both Protestants, *editor's note]* They gradually created a banking cartel. The guidelines set by these banks became the "international conventions" of the financial industry, still applied in the world today.

The banking cartel was not only the driving force behind the fractional reserve system, but also its greatest beneficiary.
As this "super group of special interests" further increased its power, they banded together to develop their own rules of the political and legislative game.

In 1913, when the international banking cartel finally succeeded in creating a supermodel of fractional-reserve banking—the Federal Reserve—the money from the entire fractional-reserve system that was in the hands of competitors was forced out by "bad money." The gold and silver certificates issued at the time by the U.S. government were called the "survivors" of the fractional-reserve system.

They were backed 100% by the U.S. government's gold and silver. An ounce of gold or silver had its equivalent in paper money. Even if the banking system's debts were repaid, the market would still have reserves full of silver and gold dollars in circulation.
The economy could continue to grow, as it did before the creation of the Federal Reserve in 1913.

But starting in 1913, "low-quality dollars" gradually pushed "high-quality dollars" of gold and silver out of the reserve pool. The international bankers, who wanted to create a global monopolistic fractional-reserve financial system, achieved their goal and even managed to exclude the government from issuing money.

They did their best to demonize gold and silver, and in the 1960s they succeeded in abolishing the silver dollar. In 1971 they ended
to what remained of the relationship between gold and the dollar. From then on, the fractional reserve system had completed the monopoly loop.

Machine Translated by Google

Here's how the debt dollar was counterfeited

In a brochure, the Federal Reserve Bank of New York said this:

Money cannot be cleared or exchanged for Treasury gold or any other asset used as collateral. The question of exactly what assets "back" the Federal Reserve notes is of little importance other than accounting […] Banks create money based on borrowers' promises to repay (IOUs) […] Banks create money by "monetizing" the private debts of businesses and individuals.

And, in another pamphlet, from the Federal Reserve Bank of Chicago: *In the United*

States, neither paper money nor bank deposits have commodity value. Intrinsically, the dollar is just a piece of paper, and bank deposits are just bookkeeping entries. Coins do have an intrinsic value as metal, which is usually much less than their face value.

So what makes these instruments—checks, paper money, and coins—acceptable in payment of any debt and for other monetary uses? It is primarily people's confidence that they can exchange such money for other financial assets and real goods and services whenever they choose.(268)

In other words, it is the monetization of debt that creates dollars, while the dollar's nominal value must be imposed by an external agent. So, how did the debt turn into dollars? To understand this process in detail, one must take a magnifying glass to observe the mechanisms of American currency. Readers unversed in finance may need to read the following several times to fully grasp the process of money creation by the Federal Reserve System and banking institutions.

This is a virtual trade secret jealously guarded by the financial industry. Since the government no longer has the power to mint money, but can only issue bonds, since the national debt is used as collateral by the Federal Reserve, currency is issued only through the Fed and other commercial banks, so the source of the dollar comes from the national debt. This process involves four steps.

(1) The first step is Congressional approval of the size of the government bond issue. The Treasury programs the debt to be converted into different types of bonds: Treasury bills *(T-bills) with* maturities of one year or less; medium-term bonds *(T-notes),* valid from two to ten years; and Treasury bonds *(T-bonds)* with maturities of up to thirty years.
years.

These bonds, at varying frequencies and times, are auctioned on the open market. The Treasury then sends all unsold bonds to the Fed, which accepts them all and, at that point, records them as assets on its books as securities. Since the national debt serves as collateral for future tax collections by the U.S. government, it is considered the most reliable asset in the world.

After the Fed lists these securities in the "asset" column, it creates an equivalent sum that it lists in the "liability" column, representing the checks the Federal Reserve prints. This key step starts from scratch. These "blank checks" are not backed by any currency. It's a step of sophisticated design and complete camouflage, the existence of which allows the government to better control supply and demand when the bonds are auctioned.

The Fed earns interest on loaned money, the government easily obtains currency, but there are few records revealing the money printing. The Fed's sleight-of-hand tricks balance the books, and the national debt's assets and monetary liabilities equalize. It is truly this simple but crucial step that creates the greatest injustice in the world.

People's future taxes, held as collateral by the government, allow the private central bank to determine the money supply—that is, the money that will be created by commercial banks. And the government owes a huge amount of interest on money created out of thin air. This injustice can be broken down into three points.

— Future taxes of taxpayers should not serve as collateral, because the money has not yet been earned; the collateral can only
inevitably lead to a fall in purchasing power and the devaluation of the currency, harming savings.

— Future taxes of taxpayers should even less serve as a guarantee when it comes to a private central bank; in a situation where the bankers have not taken any money out of their pockets, they magically use the commitment of citizens to pay their future taxes... that is, get something for nothing.

—The government must pay enormous interest for no apparent reason, and this interest payment ultimately becomes the people's burden. Citizens are forced to pledge their future and must also immediately pay taxes to repay the interest the government owes to commercial banks. The more dollars issued, the heavier the interest burden borne by the people, and this indebts future generations who will never be able to pay!

(2) The second step in the debt monetization process occurs after the federal government receives and approves the Federal Reserve's checks. These magic certificates return to the Federal Reserve, then suddenly become government deposits before being deposited into the Federal Reserve's accounts.

(3) The third stage occurs when the federal government begins spending money. Small and large checks constitute the "first wave" of currency that flows into the economy. Businesses and individuals receiving these checks deposit them into their own accounts at commercial banks, which are recorded as commercial bank deposits.

From an accounting perspective, these deposits represent the bank's liabilities, since this money belongs to the depositors and sooner or later it will have to be returned to them. However, they also constitute the bank's assets, which can be used to grant loans. The accounting books are therefore balanced; the same amount of assets balances with the same amount of liabilities. However, commercial banks also create money using the fractional reserve multiplier.

Machine Translated by Google

(4) The fourth stage involves bank deposits being re-separated into bank reserves. At this point, these deposits, which were ordinary bank assets, have already become money-producing "reserve funds." Under the fractional reserve system, the Fed allows commercial banks to hold only 10% of deposits as reserve funds and lend out the remaining 90%.

There is a problem, however, because after 90% of the deposits have been lent out, what happens if the original depositors write checks or need cash? In fact, when loans are issued, they do not come from the original deposits; they are simply accounting entries—that is, scriptural money created out of thin air.

This "new money" corresponds to the creation of money by commercial banks. This is how the second wave of money flows into the economy. When the second wave of money returns to commercial banks, it induces even more waves of "new money" creation.

If the increase in the money supply, generated by the repercussions of the issue of bonds and the creation of money by commercial banks, is greater than the needs of the economy, an imbalance between supply and demand is created, which can only be compensated by inflation, leading to a fall in purchasing power, which in turn reduces demand.(269)

Between 2001 and 2006, the United States added $3 trillion to its debt, a significant portion of which went directly into circulation. Adding to this the government's debt buyback and interest payments over several years, the dollar devalued significantly, and the prices of many basic goods, including real estate, oil, education, health care, and insurance, increased sharply.

However, most of the government bonds issued did not enter the banking system directly, but were purchased by foreign central banks, non-financial U.S. institutions, and individuals. In this type of situation, buyers were spending existing dollars; no new dollars were created.

It is only when the Fed and US banking institutions buy US debt that new dollars are created, and
It is through this complex mechanism that the United States manages to temporarily control inflation.

However, the debt held by non-US banks matures sooner or later. In addition, interest on this debt must be paid every six months (30-year Treasury bonds). This is when the Federal Reserve is forced to create new dollars.

It is primarily the fractional reserve system and the monetization of debt that are responsible for long-term inflation.
Under the gold standard, the number of banknotes issued gradually exceeded the gold reserves, leading to the disintegration of the gold standard. Under the Bretton Woods system, this inevitably led to the collapse of the system of convertibility into
gold.

Under the fiat currency system, this inevitably leads to hyperinflation, eventually leading to a severe global recession. Under the debt currency system, the United States will never be able to repay its national, corporate, and personal debt, because repaying it would mean the end of the dollar.

The US debt cannot be reduced, and due to the "snowball" effect of compound interest associated with the naturally increasing demand for money, it will continue to increase, exponentially.

An "inexhaustible" American debt and the "acknowledgments of debt" of the Asian peoples

In the 1980s, the massive issuance of high-interest US Treasury bonds attracted a host of individual investors and non-bank institutions, as well as foreign central banks. There was little creation of new dollars at that time, as the country used the dollars paid in exchange for the bonds issued.

In the 1990s, due to the defeat of major competitive currencies, dollar-denominated bonds were still in demand. Due to the widespread devaluation of third-world currencies, import prices for everyday goods appeared extraordinarily low, and the United States experienced, for a time, strong growth and low inflation.

Since 2001, the enormous expenditures of waging the "war on terror" and the successive expiration of a large number of government bonds of various maturities issued in the 1980s, together with the increasing payment of interest, have forced the United States to issue more Treasury bonds to replace those that have matured.

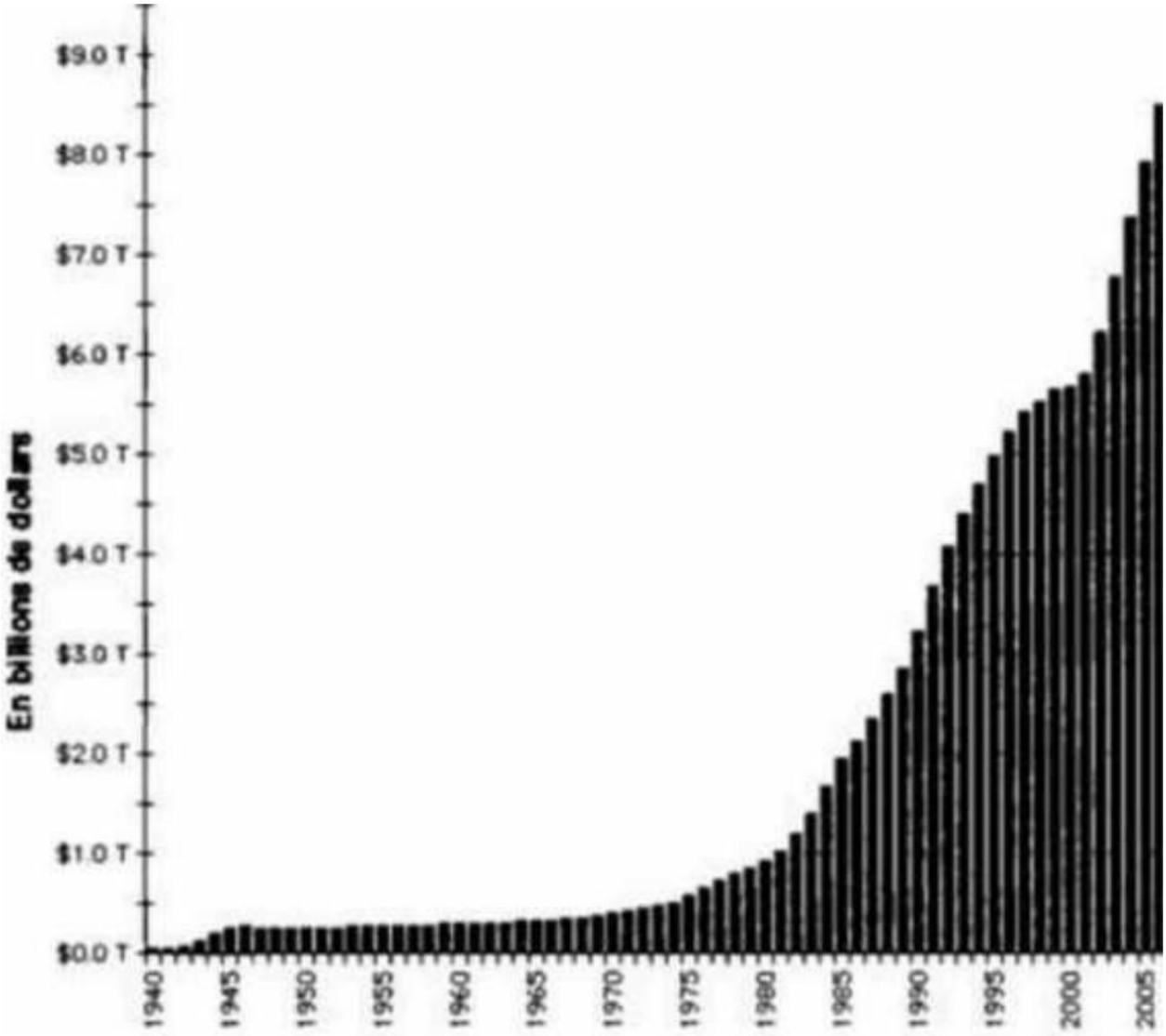
Between 1913 and 2001, the United States accumulated nearly $6 trillion in Treasury bonds. But between 2001 and 2006, in just five years, the United States increased its stock of Treasury bonds by nearly $3 trillion. They had already reached a cumulative total of $8.6 trillion and were increasing at a rate of $2.25 trillion per day.

The United States federal government's interest payments rank third in government expenditures, behind
those of health and national defense, an annual sum which reaches 400 billion dollars and monopolizes 17% of financial revenues.

Between 1982 and 1992, US currency issuance was still in a state of "moderate growth," with an annual increase of 8 %. But from 1992 to 2002, US currency issuance took a "fast track," reaching 12 %. Starting in 2002, due to the "War on Terror" and the need to stimulate the economy, which was on the verge of recession, and with interest rates near their lowest point in the post-war period, US currency issuance reached a staggering 15 %.

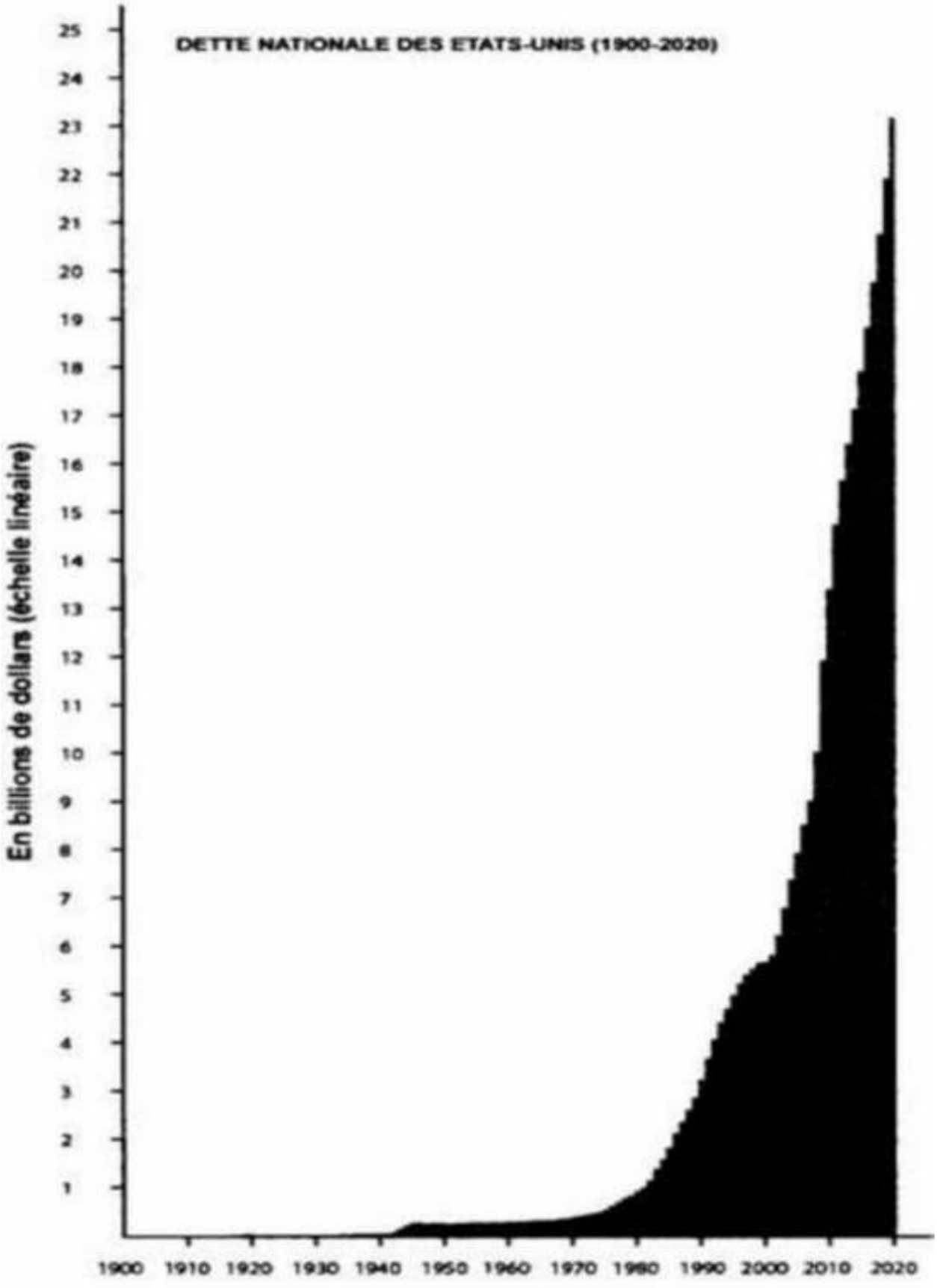
In fact, if we look at the slope of the US government bond issuance, everything already seemed inevitable. In the history of humanity, no country has so seriously exposed its future. The United States has not only pledged the future wealth of its own people, but also that of the peoples of other countries. Anyone familiar with stock market investing can easily predict the outcome of the slope of such a curve.

Machine Translated by Google



United States National Debt (1940-2007)
Source: US National Debt Clock

Machine Translated by Google



Machine Translated by Google

After the September 11, 2001, terrorist attacks, Alan Greenspan, in an effort to save the stock and bond markets, quickly slashed rates from 6% to 1% without considering the consequences. This led to a surge in US credit and allowed the dollar to flood the world. It was becoming clear that the dollar was nothing more than a piece of paper printed on a green background. Around the world, dollar holders rushed almost simultaneously to buy real estate, oil, gold, silver, and commodities.

As a result, the price of a barrel of oil rose from $22 to $60, and the prices of gold, silver, platinum, nickel, copper, zinc, lead, soybeans, sugar, coffee, and cocoa rose 120 to 300 percent over 2002 levels. But economists still swear today that inflation was only 1 to 2 *percent,* which recalls Mark Twain's dictum:

There are three kinds of lies: lies, damn lies, and statistics.

Even more alarming, the total amount of US debt obligations reached a whopping forty-four trillion dollars ($44,000,000,000,000!), including federal bonds, state and local bonds, international debt, and private debt. Distributed among each American, these debts amounted to nearly $150,000 per person, with a family of four owing nearly $600,000 on paper.

As for private debt, the most impressive feature was the staggering number of mortgages and the total amount of real estate and other consumer credit. Conservatively calculating the interest rate at 5 percent, the total sum of $2.2 trillion would have to be paid annually on a debt of $44 trillion—almost the entire annual revenue of the U.S. federal government.

Nearly 70% of this debt was created after 1990. The United States is currently in a stalemate over launching an interest rate war.
raised as in the early 1980s and thus take third world countries hostage.

Being themselves already heavily indebted, any policy of high interest rates would amount to economic suicide. Monetization
debt and the super-amplifier of certain reserves have severely exposed the future wealth of the American people.

In 2006, the entire amount of income tax paid by Americans did not remain in the federal government's coffers for long and was immediately transferred into the banking system to pay interest on dollar-denominated bonds. Not a single dollar of income tax was used for government spending.

Educational expenditures in all regions could rely solely on local property tax revenues; road construction and maintenance expenses were covered only by gasoline taxes; war expenses were imposed on American society.

In other words, the taxes of 300 million Americans have been indirectly collected by bankers for decades and must be continually exploited year after year. The problem is that the U.S. government has no intention of repaying government bonds. The U.S. government has always issued new bonds to repay maturing ones. The Federal Reserve Bank of Philadelphia points out:

A large and growing number of analysts […] now regard the National Debt as something useful, even a blessing. In the "New Economics," a debt-increasing federal deficit is often considered desirable, not only to encourage recovery from a recession, but also to stimulate economic growth.(270)

This is true if one believes one can lead a luxurious life relying on credit and perpetual debt, without ever having to pay that money back. This view of things, which resembles "economic perpetual motion," is now very popular in the United States.
Economists who believe that one can live comfortably on increasing debt are no different in substance from those who say that a country can become rich simply by creating money.

Yet these astute minds have accused the "excess savings" of Asian countries and other regions of being the cause of the imbalance in the global economic structure. This way of giving lessons while profiting from the situation betrays the shocking degeneration of their morality.

How can we talk about excess savings in Asian countries? Is there such a thing as excess savings? By purchasing US Treasury bonds, the savings they had worked hard to accumulate over decades were absorbed into the "great experiment" of "economic perpetual motion," on a scale unprecedented in human history.

The demand for US Treasury bonds from the "export-oriented" economies of Asian countries is reminiscent of a drug addict who can't stop taking drugs that are harmful to his health. And the United States, like the *drug dealers,* is happy to give the Asian peoples an IOU in the form of government bonds that won't need to be repaid.

One day, Asian countries will realize that for a mere 5% nominal return on government bonds, the real risk
incurred by a sharp irreparable devaluation of dollar-denominated assets is an unprofitable investment.

Former US Treasury Secretary Lawrence Summers said that if China stopped buying a certain average of billions of dollars of US bonds per week, the US economy would be in serious trouble, but so would China if its exports to the US declined. In effect, both sides are trapped in a state of "financial terror equilibrium."

The monopoly of financial derivative products

Compound interest on the US debt amounts to at least $2 trillion annually. This requires a corresponding creation of money, enough to cause significant inflation. But, strangely enough, inflation in the United States doesn't seem to be happening. How do international bankers perform their magic tricks?

The trick is to find a place to absorb the large amount of extra money issued, leading to inflation in the financial derivatives market over the past decade. Twenty years ago, the nominal value of financial derivatives was close to zero.

By 2006, the total size of this market had reached $370 trillion, equivalent to more than eight times global GDP. The speed of its growth and its scale are beyond imagination. But what is the nature of financial derivatives? They are like the dollar: they are debts! Bundles of debt, containers, warehouses, a Himalaya of debts!

Machine Translated by Google

These debts are considered assets and flood the portfolios of hedge funds. These debts even enter the accounts of insurance companies and pension funds in the "asset" column. These debts are traded, lengthened, compressed, stretched, coiled, flooded, and dried out; it's a debt feast and also a gigantic casino.

Behind these complex mathematical formulas lie many options. Every contract is a bet, and every bet will have winners and losers. Since this is a bet involving hundreds of billions of dollars, this casino must have bankers for players.
Who are they? The five largest banks in the United States, which are not only major players, but also monopolies.

The US Treasury shows in its second quarter 2006 report on commercial bank derivatives markets that 97% of the total derivatives of 902 banks were held by the five largest US banks, with JP Morgan Chase and Citigroup together accounting for 94% of their revenues. Among all categories of bank derivatives, interest rate instruments accounted for 83 %, with a total value of US$98.7 trillion .**(271)**

Among the instruments, the interest rate swap *predominates* . At a predetermined maturity, it allows the exchange of cash flows at variable interest rates for cash flows at fixed interest rates, the transaction of which does not involve principal (the initial capital). Its main objective is to simulate the operation of long-term fixed-rate bonds at a lower cost.

The two semi-public enterprises *(Government-sponsored Enterprises,* or GSEs) that use this tool most are Freddie Mac and Fannie Mae, the two North American mortgage lending giants. These two enormous financial companies use bond issuance to finance 30-year fixed-rate mortgages, supplemented by *interest rate swaps* to hedge against the risk of future interest rate fluctuations.

Of the $98.7 trillion in interest rate derivatives, JP Morgan Chase leads the way with $74 trillion. In the financial sector, using 1/10 leverage to make investments is already very risky, but using 1/100 leverage is downright suicidal...

The famous hedge fund of the 1990s, *Long Term Capital Management,* run by two Nobel Prize winners in economics, created the world's most sophisticated mathematical model for hedging risk, using the most advanced computer hardware. And using this leverage would cause everything to go to waste at the slightest lapse of attention and could virtually cause the collapse of the entire global financial system. The leverage of interest-based derivatives at JP Morgan Chase, considered the world's largest, reached 626:1.
(272)

What crystal ball allowed JP Morgan Chase to take incredible risks with such courage, to predict interest rate fluctuations that only Greenspan and the Fed knew about? There is only one reasonable answer: JP Morgan Chase is itself one of the largest shareholders of the Federal Reserve Bank of New York, which is itself a private company in its own right.

JP Morgan Chase not only has the first opportunity to obtain information about interest rate fluctuations, but is also one of the direct decision-makers on these changes, while the Fed's committee in Washington is merely the executive branch, while the world believes that interest rate fluctuations are voted on by the Fed at regular meetings. Of course, the voting process is real, but the staff authorized to vote is chosen from the very beginning by the bankers.

This is why JP Morgan makes bets it's sure to win. It's as if JP Morgan Chase artificially controls the rain and also sells flood insurance. It obviously knows when floods are coming, and even in which region. Einstein once said, "God doesn't play dice." JP Morgan Chase, while playing the monopolistic trade in financial derivatives, doesn't play dice either.

In the wake of the explosive growth in the size of the derivatives market, government regulation fell behind. A large number of derivative contracts were sold outside the official market, over the counter. In the accounting system, it was difficult to draw an analogy between traditional commercial transactions and derivatives.

Not to mention calculating taxes and accounting for assets and liabilities. Due to the magnitude of leverage, risks were difficult to control and government regulation was inconsistent. Financial markets were sitting on a ticking time bomb.

It was really due to the flourishing of the speculative market that the latter absorbed the enormous figures created by the payment of interest on the American debt. As long as the enormous quantity of dollars issued, in addition to the dollars returning from abroad, is forced to enter this high-speed rotating market and does not leak too much to other markets, the inflation measurement index will miraculously remain under control. But when the financial derivatives market collapses, we will experience the worst global financial and economic crisis.(273)

The GSEs: A Second Federal Reserve

Understanding the risks faced by Fannie Mae and Freddie Mac (FF) […] is important from two perspectives. First, investors should be aware of these risks. Although many investors assume that FF bonds are actually guaranteed by the U.S. government, the fact is that this guarantee is only implicit. […]

A second reason to understand these risks is that good public policy decisions depend on such understanding.
To reduce the potential for a financial crisis, risks must be mitigated. Fannie Mae and Freddie Mac face five main sources of risk in their business: credit risk, prepayment risk, interest rate risk related to an imbalanced duration between assets and liabilities, liquidity risk, and operational risk. A sixth risk, called political risk, relates to the possibility of regulatory or statutory revisions that could significantly affect those who hold the debt or stock of these companies.(274)

William Poole, President of the Federal
Reserve Bank of St. Louis,
speaking on the risks faced by the GSEs.

Among the GSEs, the two largest government-licensed companies are mortgage lenders, Fanny Mae and Freddie Mac (F&F). These two companies are responsible for developing the mortgage resale market. The mortgage-backed securities *(MBS)* they issue total $4 trillion.

Machine Translated by Google

In fact, the bulk of the $7 trillion in mortgage lending by the U.S. banking system was channeled through these two firms. These firms transformed the mortgages associated with these mortgages into MBS bonds, which were then resold to Wall Street investment banks and Asian central banks.

There is a gap between all the MBS issued and the mortgages purchased from banks, which constitute a source of profit for both companies. According to 2006 statistics, 60% of North American banks held bond funds from these two companies, exceeding in total more than 50% of the capital of these banks.(275)

As listed companies, F&F are for-profit businesses, and holding mortgages is a highly profitable activity for them. Since interest rates are variable, they assume the credit risks and prepayment of mortgages themselves.
When the Fed began the long process of raising interest rates in 2002, F&F began to directly hold a large number of real estate mortgages, representing $1.5 trillion by the end of 2003.

Bearing such enormous obligations, financial institutions are carefully avoiding risk. Their most important strategy is to match the duration of assets and liabilities on their balance sheets, otherwise the risk associated with fluctuating interest rates would be difficult to control. It is important to avoid having to support long-term debt for short-term financing.

The traditional method is to issue pre-redeemable bonds, which synchronize the duration of assets and liabilities while locking in the interest rate differential. This avoids rate fluctuations and early repayment of mortgages.

However, in reality, these two companies primarily issue long-term fixed-rate bonds and short-term discount notes to finance themselves. Their short-term financing must raise $30 billion each week, which places them in a high-risk situation.

To avoid the risk of interest rate fluctuations, F&F must adopt complex hedging strategies, juggling their debt and interest rate derivative financial instruments (interest *rate swaps)* to produce short-term fixed-rate debt and secure their future cash flows. They must also protect themselves against the risk associated with early mortgage repayments. To do this, they have another instrument, the interest rate *swap* option, known *as swaptions.*

Additionally, they also use the imperfect dynamic hedging strategy *to* manage interest rate risk, which is financially advantageous when interest rate volatility is moderate. Everything seemed unassailable, the costs were low, everything was perfect.

With a strong profit motive and a combination of F&F's various investments, the two companies were making a lot of money on the MBS bonds they issued themselves. Hearing this, it doesn't seem rational, because what sense does it make to issue your own short-term bonds and buy your own long-term bonds?

Strange things follow their own logic. Fannie Mae and Freddie Mac were GSEs with a monopoly on the resale market for mortgages backed by an indirect government guarantee. By "indirect guarantee," we mean that the government provided these two GSEs with a certain amount of credit that could be used in emergencies.

In addition, the Fed could grant discounts to Fannie Mae and Freddie Mac on bonds, meaning the central bank could monetize the bonds directly. In nearly half a century, aside from U.S. government debt, no other company had such a high priority on its bonds. When the market realized that holding their bonds was almost as good as holding cash dollars, their credibility was second only to U.S. government debt.

This is why the interest on all their short-term bonds was barely higher than that of their national bonds. Given the existence of a cheap source of financing, by purchasing their own long-term bonds, there was still room for arbitrage.

It is no exaggeration to say that the bonds of these two GSEs served to some extent as Treasury bonds; they had effectively become a second Federal Reserve, providing the US banking system with plenty of liquidity, especially when it was inopportune to make demands on the government.

This is why, after the Fed's seventeen consecutive rate hikes, the financial market was still flooded with liquidity. The liquidity that had been sucked up by the Fed once again flowed through the GSEs' mortgages and back into the financial markets.

This situation is reminiscent of the Chinese film *"Tunnel Wars,"* in which Japanese attackers continually pump water from a well before pouring it into a village tunnel, where the villagers are hiding. However, they never manage to flood it, as the Chinese fighters pour all the water back into the well through an underground passage, giving the attackers the impression that the tunnel is endless and can never be filled.

The GSEs were buying the MBS arbitrage for short-term bonds. Added to this, international bankers were offering very low-cost financing from the yen market and then, with powerful leverage, buying the options on US debt, artificially creating long-term US bonds (government bonds and 30-year MBS), thereby reducing the long-term yield.

term.

Against this backdrop, the market's concerns about long-term inflation seemed unfounded. Foreign investors hesitated for a moment, then returned to the US long-term bond market so that other countries' economies could still finance the "perpetual motion test of the economy," and people would still be eager to keep the party going.

As the GSEs continued to supply alcohol for the carnival festivities, their own capital involuntarily fell to an extreme danger level of 3.5 %. Burdened by debt that ran into trillions of dollars, and with severe turmoil in international interest rate markets, their capital became so low that it kept Greenspan(276) awake at night. This is reminiscent of the *Long Term Capital Management* fund , which had the most comprehensive and sophisticated risk-hedging model.

Yet the Russian debt crisis would ruin the hedge fund, which was recapitalized with $3.6 billion in 1998 under Greenspan's watch. So, could F&F's hedging strategy, relying heavily on complex financial instruments, withstand unforeseen events?

The weakness of the GSEs stemmed from serious shortcomings in preventing sudden changes in short-term interest rates. William Poole, President of the Federal Reserve Bank of St. Louis, was concerned about their ability to withstand interest rate shocks. Citing statistics on the fluctuation of the overnight price of Treasury bonds over a 25-year period, he stated:

Machine Translated by Google

The first thing to note about these figures is the frequency of large changes. In this example, the change in the price of Treasury bills in about 0.75% of cases is larger in absolute terms than the common 3.5% spreads, more than 16 times the number of exceptions that would be expected from a normal distribution of price changes. I repeat: there are 16 times more price changes larger than the common 3.5% spreads than would be expected in a normal distribution. Based on 250 trading days per year, a bond price change of this magnitude or larger in absolute terms occurs on average twice a year instead of once every eight years. The normal distribution offers an excessively misleading picture of the risk of large price changes. Really very large swings of 4.5% or more in current spreads—the kind that can break a highly leveraged firm—occur only 7 times in a million under normal distribution conditions, but there are 11 such swings in the 6,573 daily observations in this table.(277)

Then he concludes:

According to this criterion, incomplete hedging of less likely long-term interest rate shocks is not an adequate risk management strategy for GSEs. Capital ratios that are not tested against extreme events do not adequately mitigate the interest rate risk faced by such institutions.(278)

If financial hackers were to brutally attack the dollar or terrorists were to launch a nuclear or chemical attack against the United States, the price of gold would continue to rise and other emergencies would occur. U.S. government debt would suffer a severe shock, and if the GSEs encountered a problem, trillions of dollars of bonds could lose their liquidity within hours.

The Fed might not even arrive in time to save the day. Eventually, 60% of U.S. banks could collapse, the $370 trillion market of highly vulnerable derivatives would collapse like dominoes, and global financial markets would panic.(279)

All the major risks in the derivatives markets refracted by the GSEs are just the tip of the iceberg. Robert Kiyosaki, author of *Rich Dad, Poor Dad* (A Different World, 2001), described in an article titled *The Debt Inclination* the sense of prosperity people experience with all the hot money circulating in today's world:

The problem I see is that companies aren't acquired with money or equity; they're acquired with debt. And as far as I know, someone will eventually have to pay that money back.

The Spanish Empire eventually collapsed because of its wasteful penchant for war and conquest. I worry that the modern world will itself be conquered because it developed a wasteful penchant for debt. So what's my recommendation? For now, enjoy the party, don't drink too much, and stick near the exit.(280)

In his book *Rich Dad Poor Dad,* Kiyosaki uses the metaphor of a colorful, buzzing casino, where the dollars wagered are called "shady money(281) ." Smoke rises in a corner of the casino, and people who haven't had too much to drink wake up and calmly head for the small exit door. At first, the flames, that is, inflation, are barely visible; few people are aware of them.

Then smoke begins to fill the room. The players look around, some talking in hushed voices. The casino owner, fearing his establishment will empty, begins shouting to make the games more exciting. Most people resume their seats at the tables. As the small flames grow larger and people become agitated, some start running, many remain perplexed.

The boss shouts that the flames are normal, that they can even boost the casino industry, and that everything is under control.
However, more and more people are rushing towards the exit. At this point, the most distressing thing is the screams...

When disaster strikes, everyone looks for their own escape. According to Kiyosaki, the escape route from the burning casino is gold.
and money. In the article *Betting on Gold, Not Monkey Money,* he notes:

My bet is that gold is cheap and that its price will correct as oil prices rise and countries like Russia, Venezuela, the Arab countries, and Africa become more reluctant to accept US dollars. We've been allowed to pay for other countries' goods and services with monkey money for a while now, but the world seems less and less willing to accept it as payment. […]

My strategy remains the same as it has been for years: I bet on real money, that is, gold and silver. I also continue to borrow monkey money to buy real estate. […]

*Now you know why I buy more gold and silver every time their price drops in the current economic environment. What intelligent investor wouldn't happily spend monkey money to buy real money? **(282)***

The queen motto under house arrest...

" Gold *is subject to a great many factors of instability, caused in particular by the action of powerful governments. […] If you have noticed what has happened in the last twenty years in government policies towards gold, nobody sold any when its price soared to $800 an ounce. It would have been a good deal and would have had a stabilizing effect if they had done so. But people sell gold when it gets very low; the British government is selling gold now that it seems to have reached the bottom. [So is Switzerland!] This element – governments selling when its price is low or not selling when it is high – destabilizes it. Governments should […] buy low and sell* **high.(283)**

Robert Mundell, 1999.

The instability factor Mundell refers to is an integral part of the global strategy of demonizing gold, starting in 1980, by international bankers. Their actions on the price of gold obeyed a rigorous, truly superb technical arrangement, a genius plan difficult to perceive, capable over a period of twenty years of successfully suppressing its price. A first in the history of humanity!

Machine Translated by Google

Many people failed to understand when the British Treasury announced to a public outcry on May 7, 1999, that the Bank of England was preparing to sell 415 tons of gold, 58% of its reserves. This sale was the largest in the United Kingdom since the Napoleonic Wars. This sensational news caused the price of gold to fall to $280 an ounce. Two months later, it reached its lowest price in twenty years, at $252.80.(284)

One can only be surprised by this type of decision. If the intention had been to increase its reserves, the Bank of England could have sold its gold at $800 an ounce in 1980, then bought 30-year US Treasury bonds, which yielded 13 *% at the time.* By doing so, the United Kingdom would have earned a whopping $75 billion!

But the Bank of England insisted on selling its gold at its lowest price of $280 an ounce in 1999, and then bought US Treasury bonds at a yield of less than 5%. No wonder Mundell is lost in conjecture... Had the Bank of England forgotten how to do business? Of course not.

Since its creation in 1694, it has weathered all sorts of storms and still dominates the financial markets. It can truly be called the forerunner of the modern financial industry. The Federal Reserve is a mere schoolgirl compared to it, and to suggest that it no longer understands business is simply unthinkable.

In fact, the Bank of England violated the basic laws of commerce because it was afraid! It wasn't afraid that the price of gold would continue to fall and that this would lead to a depreciation of its reserves; on the contrary, it was afraid that gold would rise! Because the gold recorded in the Bank of England's accounts has vanished like air, and the gold recorded in the accounts to be credited can never be paid...

Swiss banker Ferdinand Lips once said that if the English realized how carelessly their central bank handled the wealth they had accumulated over hundreds of years, heads would be cut. More to the point, if the world knew how central banks manipulate the price of gold, the greatest financial crime in history would finally be exposed.

Where did the Bank of England's gold actually go? It was first leased to *bullion banks* (banks specializing in precious metals trading). It's important to note that the euro and the yen represented the scabies in the eyes of the London/Wall Street axis, and that gold was the latent evil. With the return of gold, all fiat currency systems would surrender.

Although gold is no longer the world's currency, it still constitutes the greatest obstacle to the international bankers' plundering of people's wealth through inflation. And, although it is quietly excluded from the monetary system and "placed under house arrest," its historical status and symbolism of prosperity still exert considerable attraction. At the slightest turmoil in the world, people automatically rush to gold as a safe haven. Even the bankers, who deceive public

opinion, do not really believe that they will ever succeed in dethroning this queen currency; they can only try to "put it under house arrest forever." To achieve this, the world must be shown that this queen currency is in fact very weak and incapable of protecting savings and providing indicators of stability—or even of arousing the interest of speculators.

Therefore, the price of gold must be strictly controlled. However, international bankers received a good lesson in 1968 with the gold pool fiasco. This experience was bitter enough that they did not repeat the mistake of using their gold reserves to meet the enormous market demand. In 1980, the introduction of 20% interest rates temporarily suppressed the price of gold, and once confidence in the dollar returned, they began to use new weapons: derivative financial instruments.

According to Sun Tzu's *The Art of War ,* it is better to win hearts than to capture a city. Bankers understood this well. Whether it's gold, the dollar, stocks, bonds, or real estate, the ultimate stage of this game is trust. And derivatives are trust's weapons of mass destruction (WMD)!

After successfully detonating the "financial derivatives nuclear bomb" during the stock market crash in 1987, this WMD was used again in the Tokyo financial market in 1990, and its lethality thrilled international bankers. Unfortunately for them, a nuclear bomb has an intense but short-lived impact. And in the face of the chronic, long-term threat of gold, weapons must be developed that further undermine confidence and mount a mixed, "cocktail" attack.

They created a monster that would not only end up crushing all volumes of physical gold, but would also open the door to unprecedented manipulation of the gold price without having to put physical gold into play. This instrument with which it is possible to move the price of gold to crazy levels without ever owning physical gold is called "leveraging through derivatives ."(285)

In the early 1980s, creative Wall Street operators found a way to make gold sitting in central bank reserves earn money. Central banks leased their previously unproductive gold and collected 1 to 2 *percent interest.* This gold was then lent to mining companies at 3 to 4 *percent,* which they could then resell for cash or on the futures market, thus securing very cheap financing.

It is important to understand that no physical gold was exchanged in these transactions, only property titles, virtual gold. Everyone won: central banks received a constant income, mining companies could finance themselves cheaply, and investment bankers specializing in precious metals transactions, the *bullion tankers,* received large commissions on both ends of the transaction.

Thus, the *bullion bankers* held in their hands the future returns of the gold mines, which served as collateral for future repayments to the central banks of the gold they had "lent." Added to the fact that this small group of people, the central bank managers and the *bullion bankers,* was often made up of the same people, the gold leases could be extended indefinitely.

But soon, this whole business became an explosive speculative machine and new instruments were created: deferred spot sales, futures contracts, variable volume futures contracts, delta-neutral hedges, *puts and* **calls(286).** All this speculative fever, into which the mining companies were drawn, irremediably led to a fall in the price of **gold.(287)**

Who were the players in this market? First, the entire banking elite of New York, Goldman Sachs, JP Morgan Chase, the traders gold. These were joined by major international banks such as Deutsche Bank, Société Générale, UBS and Credit Suisse.

At the same time, all these *bullion bankers* borrowed gold from central banks at the very low rate of 1 %, then sold it on the market to buy US Treasury bonds offering a yield of 5 %. This type of operation was called the " *Gold Carry Trade* " (i.e., a speculative operation on yield spreads based on gold).

Thus, the sales of gold stored in central banks depressed the price of gold, allowing for large profits to be made, while stimulating demand for US bonds and lowering long-term interest rates. It was a wonderful plan where several birds could be killed with one stone.

Machine Translated by Google

However, this game began to end in September 1999, when central banks, after years of speculation and short-selling gold, began to wake up. Fifteen European central banks, including Switzerland, limited their gold sales and leasing for a period of five years. However, all this irresponsible speculation had ruined mining companies and entire countries.

Indeed, many gold producers had received advances on their future earnings. Underground mine reserves had been pre-sold. Australian gold producers even sold their production seven years in advance. The major Ghanaian producer Ashanti purchased 2,500 financial derivative contracts on the advice of Goldman Sachs and sixteen banks.

By June 1999, his financial assets as risk cover in his accounts reached $290 million. Critics pointed out
that the gold producers of the time were engaging in dangerous financial speculation.

Following the gold producers' launch of the "risk hedging revolution," Barrick Gold was a pioneer in this area. The company's risk hedging scale had long since exceeded the reasonable range of risk control.
It is no exaggeration to say that his strategy was a crazy financial gamble.

With its unilateral, massive short-selling of gold, Barrick Gold launched an invisible run, resulting in the market's self-destruction. Barrick Gold's annual reports systematically misled investors, touting their complex hedging strategy so they could always sell gold at a price above the market.

In fact, some of the gold Barrick Gold sold on the market came from *bullion bankers* who had leased it to various central banks. With the proceeds from the sale of this gold, the company purchased Treasury bonds, whose yield spread profits were the true source of the marvelous effects produced by what are known as "complex risk hedging tools."
This was a typical financial fraud.

Attacked from all sides, the price of gold continued to fall, in accordance with the interests of all participants in the maneuver. Knowing that the producers had locked in the price of gold, when it fell, the various accounting assets used in short gold sales appreciated. Thus, the gold producers unwittingly became accomplices in the decline of gold.

Bill Murphy, chairman of the Gold Antitrust Action Task Force **(GATA) ,** has exposed the existence of a "gold cartel" whose goal is to suppress the price of gold. Its members include the U.S. government, including the Treasury and the Fed; various other central banks, including the Bank of England, led by the Bank for International Settlements; and *bullion banks* JP Morgan Chase, Goldman Sachs, Deutsche Bank, and Citibank.

The motivation behind this "cabal" was to prop up the dollar and keep interest rates low. To drive down gold prices, *bullion banks* sold massive amounts of gold short, while central banks secretly supplied the market with physical gold.

In July 1998, before the House Banking Committee, Greenspan stated:

Private counterparties also cannot restrict the supply of gold, another commodity whose derivatives are often traded over-the-counter, where central banks are willing to lease their gold in increasing quantities if its price were to rise.(289)

In other words, Greenspan publicly acknowledged that, if necessary, the price of gold was under the complete control of central banks.

In March 1999, the Kosovo War began, ushering in subtle changes. The NATO airstrike failed to produce the intended effect. The price of gold, buoyed by significant purchasing power, began an explosive rise. As soon as its price was no longer controlled, *bullion bankers* had to buy it back on the market at a very high price, to return it to the central banks.

If this "commodity" were to become scarce, if miners, extractors, and producers went bankrupt, or if there were insufficient underground reserves, international bankers would suffer heavy losses, and central banks' gold reserve accounts would show enormous deficits. And... if people learned the truth... heads would start rolling!

In the midst of a panic, the Bank of England finally rushed to the front line on May 7, 1999. If its action could be enough to force buyers to back down, the price of gold would naturally fall to everyone's satisfaction, and the bad debts linked to gold would be sold, unbeknownst to the public. This is why when central banks sell gold, people never know who the buyer is.

Although the Kosovo War ended on June 10, 1999, bankers who had been sweating over it thought the game had gone too far.
Add to this the fact that investors in the international gold market were demanding that central banks that manipulated the price of gold be prosecuted, and it is understandable that politicians in several countries began to examine this matter closely.

Big trouble seemed imminent. In September 1999, fifteen European central banks concluded the Washington Accord, agreeing to restrict their gold sales and leasing for five years. Word spread, and interest rates on gold loans rose from 1% to 9% within hours. Gold producers who engaged in short sales, as well as speculators' derivative financial instruments, suffered heavy losses.

The year 1999 was a major strategic turning point in the battle for gold, much like the Battle of Stalingrad during World War II. From then on, attempts to suppress the gold price failed to achieve any decisive success. The fiat currency system, led by the dollar, retreated in the face of the powerful onslaught of gold, until its predictable final collapse.

Outside the main battleground of controlling the gold price, international bankers opened a second front, a war between public opinion and the scientific community. The international bankers achieved a major victory by systematically brainwashing the economic community. When many contemporary economists asked, perplexed, what was the use of gold, the international bankers must have felt relieved; everything seemed to be back under their control.

People will naturally ask: What's wrong with fiat money? Haven't we been living under a fiat money system for over 30 years? Isn't the economy growing as usual? John Exter, former vice president of the Federal Reserve Bank of New York and Citibank, replied:

Under such a system, no country would ever have to pay another with a currency that had a good reserve value. They see no need for the discipline of convertibility. […] We are supposed to pay for our oil with paper dollars, no matter how many we print. […] They ignore the people's desire for a currency with a good reserve value like gold. In fact, they refuse to say that gold is money at all and arbitrarily assert that it is an ordinary commodity like lead or zinc, which plays no part in the monetary system. They have even suggested that it is not the Treasury's business to hold it and that it should

Machine Translated by Google

gradually sell it on the market. Having thus gotten rid of the gold, they then arbitrarily defined the value of paper money.(290)

Keynes and Friedman have always been on the same page as John Exter. They chose to ignore the convertibility between gold and paper money, believing they could cheat the laws of nature, create wealth out of nothing, eliminate the cyclical cycle, ensure full employment and eternal prosperity… Some economists formulate prescriptions to guide political trends, but without betting all their money on the market.

Influential men like John Law (1671-1729), who knew a great deal about economics, capriciously determined monetary, financial, tax, trade, price, and income policies, assuring us that they were for our own good. In this way, they readjusted the parameters of our economy.

Most economists today are disciples of Keynes, including Nobel Prize winners such as the famous author Paul Samuelson. His teaching materials are filled with mathematical formulas and a wide variety of multicolored graphs.

However, when it comes to his views on gold, the analysis becomes superficial and offers no historical depth. Samuelson is a typical example of 20th-century academia , where economists deliberately chose to ignore research into the history of money, unless they had some ulterior motive for doing so.(291)

Samuelson says in his famous book on the "free market level," as he calls the two-tiered market:

Outside the IMF club, gold was eventually completely demonetized. Its price is freely determined by supply and demand, just like the price of copper, wheat, silver, or salt. […]

A Middle Eastern sheikh can make a bundle if he buys at $55 and sells at $68, but he can lose his shirt if he buys at $55 and has to sell at $38.50 or even $33.(292)

Paul Samuelson was convinced that once gold was expelled from the monetary system, only a few industries, such as jewelers, would remain in demand. Therefore, on August 15, 1971, Nixon closed the gold window. After the collapse of the Bretton Woods system, with gold no longer a currency, who else would need it?

In 1973, when this great professor published his macroeconomic theory, he firmly believed that the price of gold at $75 an ounce in 1972 could not be sustained and would likely fall below $35. The professor was stunned when, seven years later, its price climbed to $850 an ounce. Fortunately, Samuelson was not a Wall Street hedge fund manager, otherwise he would have lost more than his shirt.

The 2004 alert: Rothschild Bank stops fixing the price of gold

In economics, the origin of power and the ultimate form of hegemony are reflected in the ability to set prices and distribute wealth in ways that favor oneself at the expense of others. The battle for the power to set prices is as fierce as the battle for the throne. It is marked by ruses and stratagems.

Prices rarely define themselves naturally, within a transparent competitive framework of operations in a "free and undistorted" market; in fact, it is always a question of a balance of power between dominant parties trying to secure their own interests, and there is no essential difference here from war. Understanding the phenomenon of price definition requires applying the framework of war to get as close as possible to the truth.

Formulating prices, reversing prices, twisting them, and manipulating them are the results of fierce battles where anything goes. If no human factor serves as a background reference, it becomes impossible to understand the locus of price formation. On the other hand, it is relatively easy to understand how some people sit in the boss's shoes and give orders while others can only obey. Bosses, by controlling other bosses, indirectly control the masses.

Is it that simple and intuitive? The higher up the power pyramid you go, the fewer people there are. The power to set prices follows this pyramid scheme, and controlling the price of a product is done from the top down. When it comes to gold, whoever controls the world's largest gold trader controls its price.

The Rothschilds have held the power to control the price of gold since the time of the Napoleonic Wars. More recently, the system of controlling the price of gold was perfected on September 12, 1919: on that day, representatives of five consortia met at the NM Rothschild Bank and set its price at 4 pounds, 18 shillings, and 9 pence, or about $7.50.

Although in 1968 its price was now denominated in dollars, the general mode of operation did not change. The representatives who participated in the first formulation of the gold price were, apart from Rothschild, Mocatta & Goldsmid, Pixley & Abell, Samuel Montagu & Co. and Sharps Wilkins. Rothschild subsequently became the permanent chairman and coordinator.

Since 1919, the five representatives met twice a day to discuss the opening and closing prices of physical gold. The chairman would suggest an opening price, which would be immediately transmitted to the trading floor. The chairman would then ask who wanted to buy how much gold. Based on the final agreement between the two parties, the chairman would declare the price finalized; this was the " *London Good Fix ."*

This system operated until 2004. On April 14, 2004, Rothschild suddenly announced that it was withdrawing from the gold pricing system. This astonishing news perplexed investors around the world. The bank's chairman, David Rothschild, explained:

Our revenue from the London commodities market has fallen as a percentage of our total revenue in each of the past five years.

We have concluded that this is no longer a core area of business and have therefore decided to withdraw from this market.(293)

The Financial Times declared loudly on its front page on April 16:

This barbaric relic, as Keynes called it, is crumbling to dust. Even as the venerable N.M. Rothschild has left the gold market and the Bank of France […] is rethinking its metal reserves, the end of gold as an investment is drawing ever closer.
(294)

Machine Translated by Google

Coincidentally, on June 1, AIG announced that it would withdrawfrom setting the price of silver, effectively demoting itself to the role of ordinary trader. Both of these matters seemed strange to the outsider. Could it be that Rothschild considered gold unimportant?

In that case, why not have withdrawn when the gold price was at its lowest, in 1999, instead of leaving when gold and silver were at their best? One interpretation of this withdrawal is the anticipation by the NM Rothschild bank that gold and silver prices would inevitably spiral out of control, which would automatically reveal the existence of a conspiracy to control the gold price and designate the manipulators as the enemies of the world.

By abandoning all ties with gold as soon as possible, in case gold and silver prices hit a slump ten years later, no one could blame the Rothschilds. It should not be forgotten that the Rothschilds have long had the most effective strategic intelligence network in the world. Their information remains beyond the reach of ordinary people.

Foresight, a monopoly on financial resources, and the ability to efficiently collect and analyze data allowed them to control the fate of the entire world for almost two hundred years. Suddenly announcing that they were withdrawing from their core business, which they had been operating for over two hundred years, was a rather unusual event!

The Economic Achilles Heel of the Dollar Bubble

In 2007, international oil prices skyrocketed. The London/Wall Street axis blamed China's economic development, but this was simply to encourage the world to criticize China and cover up the oil boom to boost demand for dollars.

The rumors ultimately proved unfounded, just as in 1973, when bankers planned to let the price of a barrel rise by 400% to stimulate demand for dollars, while blaming the surge on the embargo of Middle Eastern countries. Given the inevitably proliferating nature of the dollar, the nuclear issue in the Middle East has come up again.

War with Iran may be difficult to avoid, either because of unilateral military action by Israel or because the United States will force Iran to use mines and missiles to block the Strait of Hormuz, cutting off the world's main oil supply route. As a result, the price of a barrel could easily exceed $100(295) and global demand for dollars would increase again, but this time the culprit would be Iran.

Ideally, the issuance of the dollar should be dissociated from any malicious activity. Since the 1970s, with gold under house arrest, the global listed securities and commodity markets have benefited. Beginning in the early 1980s, the stock market, which had performed poorly for ten years, rose steadily for 18 years, and the commodity market expanded.

Since 2001, this market has undergone a fantastic development, and at the same time, the stock market, the bond market, real estate, and the financial derivatives market have experienced a synchronized rise. On the surface, we saw the value of dollar-denominated assets increase, but in fact, the explosive expansion of debt was linked to the interest payments.

While in the past it was enough to fill the reservoir of financial markets or the commodity market to absorb the excess dollars, today, even after all the reservoirs have been flooded with dollars, they are still overflowing.

The problem is, where can such a large reservoir be found? Wall Street geniuses have begun to talk about the concept of the unlimited capacity of the derivatives market. They spend their time inventing hundreds of thousands of new financial instruments, focusing less on currencies, bonds, commodities, indices, credit, and interest rates than on creating a new, fanciful and risky game to bet on.

In theory, they can create financial derivatives with earthquakes, volcanic eruptions, floods, droughts, the ravages of influenza or other epidemics, road accidents, in short, the funerals of the next hundred years to come, of every day, every hour, every minute, and openly trade them on the financial markets.

In this sense, the derivatives market is indeed limitless. It's a bit like the height of the tech bubble in 1999, when Wall Street analysts promised to assign an IP address to every grain of sand on Earth. Their ancestors had lived through the South Sea Bubble era, and had worried about too much money on Earth and a lack of good projects to invest in.

Some people then suggested draining the waters of the Red Sea to see how much treasure had been buried underwater when the pharaoh pursued Moses and the Hebrews. When the fever reaches such a temperature, a financial crisis is imminent. Gold, which has long and systematically been demonized as a "barbaric relic" and a "real dragon" for currency, is like a wise man who has endured many trials: it does not rush to spread itself, it sits on the sidelines and bides its time.

Despite the slander, ridicule, repression, insults, sarcasm, and all the means used by the "pseudo-monetary emperors," gold still shines, while the strong dollar is already a thing of the past. In China, people are perceiving new possibilities. In fact, the Chinese people's minds are not lacking in intuition about what real wealth is. People call activities related to money finance.

In Chinese, the word finance is composed of the character for "gold" and the character for "fusion," which also means "to melt" or "to agree." The place where they deposit their wealth is called a bank. In Chinese, the word bank is composed of the character for "money"—in the sense of physical money—and a character that serves to designate a profession, literally the "profession of physical money."

Beyond China, when the world recognizes that the nature of debt money is merely an IOU, that the wealth of the dollar is merely a terribly exaggerated IOU, and nothing more than a promise of unlimited wealth, that these IOUs have always been devalued, and that the speed of devaluation depends on the greed of those who print them, the general public, who understand nothing about finance, will eventually use their common sense and intuition to safeguard their wealth, gold and silver, in their Noah's Ark.

International bankers, armed to the teeth with their derivative financial instruments, will eventually encounter the ocean of people's war.

The stubborn, rising price of gold will ruthlessly push up interest rates on long-term debt. International bankers are selling tens of trillions of dollars in hedging contracts on the financial markets.

Machine Translated by Google

on interest rates, to ensure that long-term interest rates do not rise, once long-term debt interest is in a situation where it has shown that its prices have been imposed by that of gold, international bankers will be exposed to extreme risks created by their own greed.

The first to be affected by the rise in gold will be the *leaders* in the derivatives markets, *interest rate swaps,* this huge bubble of 74,000 billion dollars (according to data from American commercial banks).

The GSEs that hold only 3.5% equity will be in a critical situation, the price of gold will rise suddenly and violently, the fluctuations in interest rates on debt will be abnormally severe and concentrated, the GSEs' interest rate hedging line of defense will be weak and the first to be overwhelmed, the GSEs' short-term obligations ($4 trillion!) will lose their liquidity in a few days.

At the same time, JP Morgan Chase will also be in a critical situation, as an operator that tried to suppress the price of gold and long-term interest rates, and as the main player in the monopoly of the financial derivatives market and the gold derivatives market.

The market for financial derivatives will first experience a collapse, followed by an unprecedented liquidity panic. When terrified investors collectively try to unload their hedging contracts, all these rapidly growing derivative instruments, backed by currencies, bonds, commodities, or stocks, will be subjected to an electroshock, and the financial markets will erupt into a larger-scale liquidity panic.

In order to save the ruins of a desperate financial market, the Fed, like the overflowing Yellow River, will increase the issuance of dollars for the "flood victims," and when tens of trillions of dollars rush into the financial systems like a tsunami, the global economy will fall into disarray.

Thirty years after the international bankers' plot to abolish the gold standard, the United States had placed 80% of its savings on the books. To this day, it must continue to suck up two billion dollars of the world's citizens' savings every day to keep this "economic perpetual motion machine" running.

US debt and its interest rates have already far exceeded the global economy's capacity for growth. When all countries' excess savings are sucked dry, the global financial system will collapse. The question is not if this catastrophic tipping point will come, but rather when and how.

The dollar bubble looks gigantic on the surface, but its deadly acupuncture point is confidence, and gold is the breakthrough point for that confidence.

Machine Translated by Google

10
THE IMPLOSING AMERICAN DEBT AND THE GLOBAL CRISIS CASH

In early August 2007, a sudden liquidity crisis swept across the globe. Stock markets in various countries experienced significant turmoil. The bond market was nearly paralyzed, and central banks injected huge sums of money into the banking system, which was on the verge of collapse, in an attempt to restore market confidence.

On August 9 and 10, in two days, central banks in Europe, the United States, Canada, Australia, and Japan injected a total of $302.3 billion, the largest concerted action by global central banks since the events of September 11.
2001.

This did not stop the panic in the markets, however, and on August 17, the Fed was forced to suddenly lower the discount rate by half a percentage point (to 5.75%) to get the financial markets back on their feet. In 2007, this was already the second major "earthquake," the previous occurrence having occurred on February 27. The interpretation of these two shocks to the financial markets is the consensus in academic circles and the media: the *subprime* problem was the focus of the earthquake.

However, opinions differed on the upcoming developments. Most observers believed that the proportion of *subprime mortgages* in the US markets was not excessive, that their sphere of influence was limited, and that this "turbulence" was exaggerated. With a massive injection of capital by central banks, the panic would soon subside.

The real US economy is not expected to suffer excessively from the shock or enter a recession. However, another group of analysts believed that the *subprime* crisis had so far only revealed the tip of the iceberg, and that a larger reality would gradually emerge.

Subprime mortgages will be the first domino to fall, triggering a larger, more destructive series of financial earthquakes in other markets, and the end result will be that the global liquidity glut will suddenly turn into a liquidity crisis. In other words, the economic ice age may arrive unexpectedly, and poorly prepared economic species could become extinct.

Let's examine the crisis with a fine-tooth comb

Let's take a slow-motion look at the turbulence that unleashed the international financial and technical markets in August 2007.
bailout funds from the Federal Reserve. Perhaps we will find clues to the seismic intensity there?

On August 1 , Switzerland issued a credit alert, saying that global liquidity was "evaporating as quickly as water in the desert." That same August 1 , Bear Stearns placed two of its hedge funds into bankruptcy protection.

Also on August 1 , Michael Perry, the director of IndyMac, a mortgage lender, sent an email to his employees:
"Unfortunately, the secondary private markets (with the exception of the GSEs and Ginnie Mae) continue to be crowded and illiquid."

On August 3, the ratings company *Standard and Poor's* warned that it would downgrade Bear Stearns; the US stock market, upon learning of this news, experienced a sharp decline.

On August 4, Freddie Mac expressed concern that further *subprime* problems could arise: "These loans should not have been made in the first place."

On August 5, Reuters expressed concern that the scale of *subprime* lending continues to undermine Wall Street.

On August 6, "polluted" by American *subprimes ,* the Frankfurt investment funds announced the cessation of their repurchase.

On August 7, *Standard & Poor's* downgraded 207 different types of mortgages to ALT-A.

On August 8, the *subprime* issue spread to the ALT-A loan market, and the probability of default climbed sharply; at the same time
On that date, Goldman Sachs hedge funds, representing a total of 10 billion dollars, lost 8% in one week.

On Thursday, August 9, the Federal Reserve's "Desk" injected $24 billion into the U.S. banking system. This was done in two operations of equal amounts, one at 8:25 a.m. and the second 70 minutes later, at 9:35 a.m. On Friday, August 10, 2007, the "Desk" intervened in the market three times (8:25 a.m., 10:55 a.m., and 1:50 p.m.), injecting a total of $38 billion. The Fed's operations closely followed two even larger injections made by the ECB in Frankfurt.

By Thursday morning, the ECB had injected nearly €95 billion into European financial institutions, a move followed by a relatively smaller €61 billion injection on Friday. With things still not stabilized in Europe, the ECB made two further liquidity injections the following week: €47.7 billion on Monday and €25 billion on Tuesday.

Interestingly, the Fed's emergency capital injections on Friday, August 10, used MBS, mortgage-backed securities, but not **repo operations(296),** as is the case with a "mixed collateral" purchase under normal circumstances. In simpler terms, the Fed's temporary injection of capital into the banking system consisted of market participants opening a three-day IOU in the bond market, which was then delivered to the Fed in exchange for cash.

Machine Translated by Google

The Fed, which issues dollars, believed that a simple IOU was not enough; it needed collateral, such as government bonds issued by the Treasury. Since government tax revenues served as collateral, it was sufficient for the US government to continue to exist for there to always be tax revenues. LFS Treasury bonds remained the safest form of collateral.

Besides government bonds, bonds issued by GSEs could also be suitable, as these organizations were guaranteed by the US government. Thus, MBS issued by Fannie Mae and Freddie Mac could still serve as collateral!

By August 10, the market was in full panic mode, experiencing an extreme shortage of liquidity, but the Fed remained tenacious and demanded that only MBS be taken as collateral, stating that bond market participants could take MBS from their vaults and submit them to the Fed. Thus, the Fed recorded in its records that it had received several IOU slips from participants, worth $38 billion, limited to three days, and collateralized by MBS of the same value.

Then it stated that it had paid $38 billion in cash to the operators, ultimately indicating that after three days, the operators had to repurchase the MBS, return $38 billion in cash to the Fed along with the interest earned during those three days. And if during those three days, the MBS received interest payments, that money would go back to the operators.

What is meant by a "Fed injection" is limited in time to three days (most of the time, only one day). This temporary action serves to manage the peak of panic in the markets; in other words, it is emergency aid, not aid intended to cure the cause of the problem. Typically, during trading days, all three types of bonds were "swallowed," and rarely only MBS. So why did the Fed act so differently from its usual practice on August 10?

Her own explanation is that government bonds are a safe haven, but that day investors deserted the market. To avoid taking up resources, she literally gorged herself on MBS. The media added that investors (especially foreign investors) should not assume that no one would buy more bonds.

This last sentence is the key to the problem; it is not only the source of the liquidity crisis that emerged at that time in international markets, but also the key that guides us towards understanding the entire *subprime crisis.* To understand why MBS and liquidity are so closely linked, we must first understand the essence of the securitization process.

Securitization and excess liquidity

Many global financial innovations took place in the 1970s, after the abolition of the Bretton Woods system. Previously, the heart of the financial system was gold, and all currencies in circulation had to be subjected to this test of the iron law of economics, which is the conversion between gold and paper money.

The banking system could not and did not dare freely engage in the creation of debt money from other people's debt, and the debt remained modest under the strict supervision of the gold standard. Inflation in major countries remained negligible, long-term budget and trade deficits had nowhere to hide, and currency risks were close to zero.

Just thirty years after the decoupling of gold from the dollar, the dollar's purchasing power had fallen by more than 90 %. One might ask, what benefits does declining purchasing power or inflation bring to society? And who will once again be the biggest losers from this kind of social "wealth"?

Keynes had explained it clearly:

*By constant processes of inflation, governments can secretly and unnoticedly confiscate a considerable part of the wealth of their citizens. By this method they do not merely confiscate: they confiscate arbitrarily, and while the system impoverishes many, it actually enriches a few. **(297)***

And Greenspan also said in 1966:

In the absence of a gold standard, there is no way to protect savings from confiscation by inflation. There is no reliable store of value.(298)

The Austrian School compares one of the sources of inflation, the fractional reserve system, to a criminal "who steals by printing "counterfeit money." Under the fractional reserve system, there are bound to be long-term inflation problems.(299)

Inflation will produce two important consequences: one is a decline in purchasing power, the other is the redistribution of wealth. If the money supply increases too sharply, goods will obviously cost more. Anyone who experienced the massive gold yuan issued by Chiang Kai-shek in 1949, before his flight from mainland China, will understand this simple reasoning.

However, today's economists believe there is no connection between money and rising prices. They go to great lengths to prove to the public that they are wrong about rising prices.

That inflation produces a redistribution of wealth isn't so intuitive! Under fractional reserve banking, checks created out of thin air by banks are equivalent to printing counterfeit money. The first to hold this counterfeit money go to a luxurious restaurant for a lavish meal first, because, as the first users, prices are still at their original level, and these bills have the same purchasing power as before.

After the restaurant owner accepts these bills and purchases something with them, such as an item of clothing, he becomes the second beneficiary. At this point, prices have not yet changed. But as the bills change hands, the market, with the growing mass of this counterfeit money in circulation, will gradually discern a gradual increase in prices. The most unfortunate are those who will never even have the opportunity to see the front of the counterfeit bills.

Since commodity prices have already risen, the money in their hands will have continued to lose purchasing power as prices rise. In other words, the people who receive these counterfeit bills first are advantaged, and those who receive them last or never are the big losers. As we can see, the process of inflation does indeed bring about a redistribution of income and wealth(300).

After 1933, federal notes and bank deposits could no longer be exchanged for gold by Americans, and after 1971, the dollar was no longer exchangeable for gold bullion by central banks and foreign governments.(301) The dollar became an IOU.

Machine Translated by Google

The issuance of the debt-laden dollar, freed from the shackles of gold, was like a mad horse galloping away; today's dollar is no longer the hard cash it once was; it continues its inexorable devaluation, climbing the dizzying slope of more than thirty years of IOU dollars. By the 1970s, the U.S. banking sector had already begun the over-the-counter trading of mortgage-backed debt securities.

The only obstacle was that directly placing all these loans was difficult. To facilitate transactions, how could debt rights, whose amounts, terms, maturity, and reputations differed, be standardized? Bankers quickly thought of bonds, classic vehicles for all sorts of financial instruments.

In 1970, Ginnie Mae developed the first mortgage-backed security (MBS), which allowed multiple loans to be pooled and used as collateral for a security that could be sold on the secondary market. Thus, many mortgage debts with similar terms were collected, then standardized certificates were created, before being resold to investors, with the interest and risk of the debt also being transferred to them.

Later, the *Federal National Mortgage Association* (Fannie Mae) began issuing standardized MBS. It must be said that the MBS was a major invention and significantly increased the number of home loans granted to Americans. Investors could easily trade these bonds, and banks could remove mortgages from their balance sheets that were difficult to service in the long term.
They thus made a profit after transferring the risks and could start looking for other people willing to buy real estate.

From the financial industry's perspective, this is a win-win situation: banks solve the liquidity problem of mortgage loans, while investors increase their investment choices; people who want to buy a home get credit more easily, and those who want to sell their homes sell faster. However, the convenience comes at a cost.

By using MBS, the banking system was freed from a critical situation in which it had been stuck for about thirty years, and it transferred the risks to society as a whole. Among these risks, there is, of course, that of inflation. When a person signs a mortgage contract with their bank, the latter will report this recognition of debt as an asset on its balance sheet and at the same time record a debt equivalent to its liability (the money it lent).

From an economic perspective, these liabilities are equivalent to money. In other words, when a bank makes a loan, it creates money, and the fractional reserve system allows the banking system to create money out of thin air. And, in this case, this money is transferred to the real estate companies' accounts.

Through this process, the fractional reserve system allows banks to legally create money by simply writing down what is known as scriptural money, which represents approximately 90% of the total money supply. Mortgage companies were the first to create this money, which explains why their wealth increased at a surprising rate.

When they start spending this money, this "fake money" changes hands, leading to an increase in prices that spreads throughout society. It is thanks to the leverage effect of fractional reserves that the banking system can create debt money.

This money creation far exceeds the real growth rate of the economy, which is the real source of excess liquidity.
The very principle of this "bank money" is embodied in a "receipt" issued by banks. Under the gold standard, this receipt corresponded to a gold asset, while under the pure debt system, it corresponded to an acknowledgment of debt.

MBSs significantly improve the efficiency of the "checks" issued by the banking system, but inevitably create serious problems of excess money. This excess money, if not channeled back into the bond market, will inevitably continue to inflate the housing bubble or, worse still, fuel demand for consumer goods, pushing prices higher.

With MBS, another bold idea was put into practice: ABS, or Asset Backed Securities. Bankers believed that since MBS offered principal and interest guarantees, by extension, all sorts of assets with future cash flows could be securitized in the same way: auto loan receivables, student loans, business loans, lease payments from car or aircraft manufacturing plants, and even patent or copyright income.

Wall Street has a saying: "If there are cash flows in the future, make them into securities." In fact, the quintessence of financial innovation is that as long as there are enough overdrafts, cash can be generated immediately. In recent years, the ABS market has grown rapidly, doubling in size since the early 2000s, reaching, today [in 2007] $19.8 trillion.(302)

ABS and MBS bonds can be used as collateral for bank loans. All MBS issued by Fannie Mae and Freddie Mac can even serve as bank reserves, and even as collateral for repo operations at the Fed. Money creation on such a scale can only lead, in the long run, to a gigantic asset bubble. If we say that inflation implies a gradual transfer of wealth, then banks are at the heart of this plunder, loans radiate around, and we can easily identify those who imperturbably nibble at the citizens' "cheese."

Subprimes and ALT-A: Toxic Mortgage Waste

Having exhausted the bulk of ordinary Americans' real estate resources, bankers turned to a more
marginal: the six million poor Americans, unable to access credit, as well as recent immigrant Hispanics.

The American mortgage market can be divided into three levels: the quality loan market or *Prime market ;* the market
alternative loans considered to be riskier or *ALT-A market ;* and the very high risk loan market or Subprime market.

The *prime* market provides loans to solid borrowers with stable incomes and the ability to support a reasonable debt load, with traditional 15- or 30-year fixed rates. The *subprime* market targets individuals who theoretically meet no credit criteria, with no proof of income, and often with significant liabilities. The ALT-A loan market covers the vast gray area in between.

The total size of the *subprime* market was approximately $2 trillion, half of which was for people without certified fixed incomes. Obviously, it was a very high-risk market, with a high rate of return as well, with interest rates of 2

Machine Translated by Google

3% above base rates. Credit companies operating in the *subprime* market demonstrated great innovation and launched a whole range of new credit products.

Among the best known are *interest-only* **loans(303) ;** ARMs *(adjustable rate mortgages),* with three-year adjustable rates; loans with five- or even seven-year adjustable rates; and option ARMs, whose rates can be adjusted as desired. The common characteristic of these loans is that the monthly payment is low and fixed for the first few years of repayment, but after a while, the payments increase.

The two reasons why these new products are sought after are: people believe that property prices will always rise, and that it is enough to sell their house at the right time for the risk to be "controllable"; the second reason is that they believe that the speed of the rise in property prices will increase in the same way as interest.

The full name for ALT-A loans is "Alternative Class A Loans," referring to individuals with fair to good credit histories who lack fixed income, savings, or certified assets. They are, however, considered lucrative and safer than *subprime* loans because borrowers have no history of default and their interest rates are 1 to 2 percent higher than the *prime market.*

But are ALT-A mortgages really safer than *subprime* mortgages ? In fact, they aren't. Starting in 2003, in the midst of the housing bubble and the pursuit of high profits, ALT-A loan structures lost all rationality. Many borrowers could not prove any income, and a simple, often exaggerated, figure written on a line in the contract was enough to obtain the loan. This is why ALT-A loans were called "deception loans" by insiders.

Credit companies introduced even riskier credit instruments. For example, the loan without capital, whose repayment plan is spread over monthly installments over thirty years, but which can generate very low interest in the first year, from 1 to 3 %, and with only the interest to be repaid, not the principal. Then, in the second year, depending on market rates, these interest rates are varied, with the promise that the total monthly amount will not increase by more than 7.5%.

Adjustable-rate loans grant borrowers monthly payments at lower rates than normal, and the difference in amount is automatically added to the principal, a process known as negative amortization. As a result, after each monthly payment, the borrower owes the bank even more money. The rates on these types of loans fluctuate in line with market prices after a certain period.

Many people with prime mortgages believe that property prices will rise rapidly, and so they arrived at the right time with cash in hand. Others with mid-quality mortgages were buying homes far beyond their actual means.

But everyone firmly believed that prices would continue to rise, so that if they had difficulty repaying the interest, they could immediately resell the house to repay the loan, making a profit in the process, or take out a new loan, secured by the difference in the value of their property, to meet their current needs.

Even in the event of a rather rapid increase in interest rates, there was still one protection: the increase in monthly payments was limited to 7.5%. With such low risk, why miss out on such a good deal?

According to statistics, among the mortgage loans granted in 2006, at least 40% were ALT-A or *subprime* and represented a total value of $400 billion, more than in 2005. Between 2003 and 2006, the total sum of real estate loans exceeded $2 trillion.

In 2007, the sixty-day-plus default rate on subprime loans was over 15 %, creeping alarmingly close to a new all-time high of 20 %. 2.2 million *subprime* borrowers were about to be evicted from their homes by banks. Meanwhile, the default rate for ALT-A mortgages was about 3.7% and had doubled in the previous fourteen months. Most economists considered the risks associated with ALT-A mortgages to be negligible because, until then, their default rate compared to that of *subprime mortgages* was not immediately apparent.

Yet the potential risks turned out to be very high. Indeed, ALT-A loans contain two potential time bombs, because
As soon as interest rates rise and property prices fall, the market will automatically implode.(304)

Among the loans without repayment of the borrowed capital mentioned above, the increase in monthly payments could not exceed 7.5% after an interest rate adjustment based on market rates. This last line of protection gave many people a false sense of security. But there were two exceptions, those two famous time bombs.

The first was the reshuffling of rates every 5 or 10 years, whereby borrowers' monthly payments were automatically updated, with credit companies recalculating these monthly payments based on the new principal amount. Borrowers therefore saw their monthly payments increase substantially and experienced the bitter experience of "repayment shock(305) ".

Given the negative amortization, the total amount of the individuals' loan kept increasing and their only hope was that real estate prices would also keep rising, so that they could sell their house and get out of the mess, otherwise they would lose everything.

The second bombshell was the maximum credit limit. Borrowers who chose the negative amortization loan option were faced with the fact that their cumulative debt could not exceed 110 to 125% of the original loan amount. Once this limit was reached, an automatic reset of their loan would be triggered. This time bomb was enough to put them in debt for life.

The temptation to take advantage of low interest rates and low monthly payments in the first year was indeed great, and many borrowers chose the option that offered the lowest possible monthly payments. For example, with monthly interest of $1,000, it was possible to choose to repay only $500, and the remaining $500 was automatically added to the principal. This rapid accumulation panicked borrowers because of the maximum credit quota, putting them at risk of blowing up with the bomb of refinancing their credit five years later.

Given that these loans were dangerous, why didn't the Fed worry about them? In fact, Greenspan came to the rescue, twice. The first time was in 2004. He thought then that mortgage companies and people selling their homes lacked courage because they weren't particularly keen on high-risk variable-rate credit products (the so-called Option ARMs). Greenspan observed:

U.S. consumers could benefit if lenders offered more mortgage alternatives to traditional fixed-rate mortgages. To the extent that households are deterred by the fear of repayment shock but are willing to manage their own interest rate risks, traditional fixed-rate mortgages can be an expensive way to finance a home.(306)

Machine Translated by Google

As expected, Fannie Mae, New Century, and others, along with ordinary real estate agencies, became emboldened; the situation went beyond all reasonable bounds, and real estate prices skyrocketed. Sixteen months later, Greenspan told the Congressional Economic Committee:

The apparent excitement in the housing market may have spilled over into the mortgage market. The dramatic increase in the prevalence of interest-only loans, as well as the introduction of other relatively exotic forms of adjustable-rate loans, are developments of particular concern. These financial vehicles certainly have their own uses. But to the extent that some households can use these instruments to buy a home that would otherwise be unaffordable, their use is beginning to add to the pressures on the market.(307)

Subprime-backed CDOs: a concentrate of toxic waste

The total amount of both types of toxic loans— *subprime* and ALT-A—was $2.5 trillion. Banks sought a way to get these toxic assets off their balance sheets, otherwise the enormous potential losses would have forced them to recapitalize or, worse, declare bankruptcy.

The bankers found a solution: securitization, that is, the transformation of these highly toxic assets into securities that could be traded on the market. But what fools could possibly buy such securities?

Here's how the bankers did it. First, the MBS would be divided into tranches based on the risk of default, then bundled into a **CDO(308),** a bond backed by debt. The senior tranches, the least risky, represented 80%; the mezzanine tranches, carrying intermediate risk, 10%; and the ordinary tranches, carrying the highest risk, also 10%.

Each of the slices was carefully "wrapped" in pretty "gift wrap" and only the ribbon that tied the package differed: a gold ribbon for senior slices, a silver ribbon for mezzanine slices and a simple copper wire for ordinary slices.

Dressed up in this way by Wall Street investment banks, these toxic wastes had become prime investment vehicles. But they still needed to obtain the magic sesame from the rating agencies to market these instruments.
So the bankers went knocking on the doors of the rating agencies, *Moody's and Standard & Poor's.* With the utmost nonchalance, the investment banks explained how reliable and risk-protected the senior tranches were.

Using statistics from recent years, they demonstrated how low the rate of defaults in this tranche was, and then, using a mathematical model developed by experts, they proved that the probability of a future default was also insignificant. While the mezzanine and ordinary tranches did carry some risk, they offered a higher return.

Finally, they developed further arguments by stating that the constant rise in the real estate market allowed borrowers to refinance at any time, because they could easily resell their house, repay their loan and even make a profit in the process.

Moody's and Standard & Poor's carefully examined the figures presented, then thoroughly tested the mathematical model representing future trends. Everything seemed flawless, and everyone knew how booming real estate was. Since the packaging of this new instrument was impeccable, *Moody's and Standard & Poor's* were convinced.

And then, investment banks are the main clients of these agencies, all these people evolving in the same frenzy of the financial markets, and it was out of the question to "disappoint" such good clients. In short, with the stroke of a pen, the senior tranches of the CDOs obtained a AAA rating.

The investment banks had just pulled off an extraordinary sleight of hand, comparable to those unscrupulous traders who collect used oil from McDonald's and, after a simple filtration, transform the waste into cash, package it, and resell it to restaurant owners to sauté vegetables or fry doughnuts.

There was still one more step to take before their toxic waste could be commercialized. The investment bankers created a Common Debt Fund(309) to separate the risk borne by the CDOs sold to investors from the risk borne by the institutions that had sold these assets in this securitization transaction.

To evade government and tax regulations, this entity was registered in the Cayman Islands. They then purchased the toxic assets through it, converting them into CDOs, allowing investment banks to legally circumvent the entity's risks. Who were these investment banks? Lehman Brothers, Bear Stearns, Merrill Lynch, Citigroup, Wachovia, Deutsche Bank, and Bank of America.

Of course, investment bankers didn't want to hold onto the toxic waste from the mezzanine and ordinary tranches for the long term. Promoting the AAA-rated senior tranche CDOs with their marketing skills was child's play. The buyers were large investment funds and foreign investment institutions, including pension funds, insurance funds, education funds, and various government-sponsored funds.

But the mezzanine and ordinary tranches were not so easy to sell. Despite all the arguments put forward by the investment bankers, *Moody's and Standard & Poor's* could not approve this concentrated toxic waste.

So, how could we eliminate this hot topic of concentrated toxic waste? Investment bankers had a brilliant idea: create a hedge fund! The investment bankers took out some private savings to create an independent hedge fund, then they took the concentrated toxic waste off their balance sheets, handed it over to the independent hedge fund, which bought it back at a high price, a price that was recorded in the hedge fund's assets as the entry price. Thus, the investment banks carried out a legal task that strictly delineated the risks associated with this concentrated toxic waste.

It must be said that since 2002, in a favorable financial environment thanks to the very low interest rates set by the Fed, the ground was fertile for a rapid wave of credit expansion. Real estate prices doubled in five years. *Subprime* borrowers could easily obtain funds to maintain their monthly payments. The result was a much lower-than-expected *subprime* loan default rate.

Machine Translated by Google

With their high interest rates and relatively low risk, their high returns attracted attention. With the CDO market empty, compared to the volume of transactions in other securities markets, toxic waste changed hands very little.

There was therefore no real information available on their prices to serve as a reference. In this context, regulators allowed hedge funds to use the results of the mathematical model as asset valuation standards. This was excellent news for them…

Their calculations showed returns so high that it was difficult to advertise them. Indeed, they ranged from 20 to 100 %.
However, these toxic waste CDOs suddenly became popular on Wall Street and became all the rage. So much so, in fact, that they were eventually snapped up. More and more investors asked to join hedge funds, and thanks to this large influx of money, hedge funds became a cash machine for investment banks.

The basic characteristics of hedge funds were high-risk, highly leveraged operations. If one stood by, toxic waste would accumulate, and to honor the hedge funds' "reputation," leverage had to be maximized. So, hedge fund managers sought loans from commercial banks and offered toxic CDOs, which were being sold on the market, as collateral.

Commercial banks had heard a lot about these CDOs and readily accepted them as collateral. Of course, all this loan issuance continued to create new money. It's worth noting that this was already the umpteenth time the banking system had used part of the mortgage debt to create fake money.

The leverage ratio of mortgage-backed hedge funds was 5 to 15 times higher! When the hedge funds got the money from the banks, they could buy even more CDOs for their own investment banks, which happily "refined" toxic waste into bonds.

The refining of MBS into CDOs, speeding down the fast lane of the asset securitization highway. Credit institutions
Real estate agents got even more money to catch more and more " *subprime* clients " in their nets.

Credit companies were responsible for production; investment banks, along with Fannie Mae and Freddie Mac, were responsible for processing and selling; credit rating companies were the supervisory agencies; hedge funds handled warehousing and wholesaling; commercial banks provided credit; and pension funds, government trust funds, educational funds, insurance funds, and investors in foreign structures became the final consumers of these toxic assets.

The byproducts of this process are global excess liquidity and the growing gap between rich and poor. A perfect chain
of toxic waste production was thus formed. The Treasury statistics were broken down as follows:

CDO issuance:

— First quarter 2007: $200 billion; — 2006: $310 billion; —
2005: $151 billion; — 2004: $100 billion.

Synthetic CDOs: High-purity concentrated toxic waste

For publicity purposes and in the absence of any ethics, investor confidence was boosted. Investment banks had held onto a few concentrated chunks of financial waste. To try to recycle these toxic assets into economic benefits, these banks had another idea. For Wall Street, as long as there is cash flow, a way must be found to convert it into securities.

The toxic waste that was in the hands of investment banks had not yet encountered any major problems.
default and the flow generated by monthly interest was stable. But probable risks could be expected in the future.

So, how do you hedge your bets? Simply by insuring yourself against future payment defaults. This was the invention of CDS or *Credit Default Swaps,* a security by which credit risk is transferred by paying an initial premium.(310)

Before introducing such a product, investment banks first had to develop a theoretical system to explain its necessity and reasonableness. They divided the interest income from CDOs into two modules: one to cover the costs incurred by the funds, the other to cover the risks of default. It was then necessary to transfer these default risks to other parties, and for this, an initial sum – the premium – had to be paid.

If investors agreed to bear the risk of CDOs, they would receive the premiums paid by investment banks. According to investors, these cash flows generated by these insurance premiums are not really different from cash flows from ordinary bonds. This was the main content of CDS contracts. In this process, risk-bearing investors do not need to withdraw funds or have any connection to insurance assets.

They simply bear the potential risks of CDOs and receive a premium for it. Due to information asymmetry and 250-page prospectuses written in expert gibberish that even the most sophisticated investors were unable to understand, it was difficult to accurately judge the true risks of default. With the lure of profit overpowering everything, many people were attracted by the high yields while ignoring the potential risks.

At that time, although the concentrated toxic waste was theoretically in the hands of investment banks, the risks of default were passed on to other players. Until then, investment banks had achieved breathtaking results, and since human greed had no limits, terrible dangers were about to accumulate in the financial markets.

In May 2005, a group of financial super geniuses from Wall Street and the City of London managed to develop a new CDS product: the synthetic CDO, a concentrated, high-purity toxic waste. The investors' stroke of genius was to integrate insurance premiums into CDOs,

Machine Translated by Google

then wrap them in various gift wraps depending on the risk factors, to go back to knocking on the doors of *Moody's and Standard & Poor's.*

At first, it was in vain. Communicating without obtaining ratings is counterproductive, as it worries investment banks. Lehman Brothers was a global expert in synthetic CDOs and came to the rescue. Under its leadership, financial scientists settled the ordinary tranche of CDOs, the most toxic of toxic waste, in June 2006. Their innovation consisted of accumulating cash flows generated by the ordinary tranche of synthetic CDOs in a pool, a group of funds.

As soon as a payment default appeared, the Pool would activate its emergency function to restore cash flow. This aesthetically pleasing but not entirely useful method played a significant role in increasing credits for the ordinary tranches of synthetic CDOs. Eventually, *Moody's* gave this concentrated, high-purity toxic waste an "AA" rating.

The attractiveness of CDOs reached such a peak that all investors had the illusion that angels had come down to earth.
Previously, to invest in CDOs or to obtain cash flows, one had to invest real money, and bear the risks that might arise.

Now, there was no need to touch one's money by putting it on the market (or elsewhere) to create wealth. As long as one accepted a little risk, one would receive a steady cash flow. Compared to CDS, it was an even more attractive choice, and this investment product earned a "AAA" rating from *Moody's and Standard & Poor's.*

Not having to take out money to obtain stable cash flows, coupled with extremely low risk, as these are AAA-rated CDO products: the result is not difficult to imagine. A large number of government-sponsored funds, pension funds, education funds, insurance fund managers, as well as a host of foreign funds enthusiastically joined the feast.

By not spending a single cent of their own funds, this would increase profits, not to mention the bonuses they would receive at the end of the year. In addition to synthetic CDOs, investment banks also became fond of high-risk, high-return hedge funds, and created another CDO product tailor-made for hedge funds: the zero-coupon.

Its main difference from other synthetic CDOs is that the other instruments do not require an investment in funds to generate cash flows. Its fatal drawback is that it must assume all the risks at all times, with the possibility of losing all investments, while the zero-coupon CDO invests in the nominal value of a portion of the funds, without any cash flow return. However, when the CDO matures, the full nominal value can be recovered, provided the losses and costs associated with defaults are eliminated.

Hedge funds start by losing money by investing a portion of the funds, but if there are no defaults,
then the profits are enormous. This view of the "if" makes it difficult to resist hedge funds.

Investment banks clearly understand the hedge fund managers' intentions in designing this type of product. The role of investment banks is to stimulate and exploit the greed of others, because they themselves are nearly invincible, and hedge funds depend on their luck.

The innovative imagination of Wall Street finance seems endless. In addition to CDOs, CDSs, and synthetic CDOs, they also invented CDO2s, CDO3s, and CDONs. Fitch statistics *show* that the credit derivatives market reached a staggering $50 trillion.

From 2003 to 2006, this explosive market grew by 1,500%! [By 2007], hedge funds [had] already become the dominant market for credit derivatives, accounting for a 60% market share. Furthermore, BIS statistics show that in the fourth half of 2006, $92 billion worth of synthetic CDOs were issued; in the first half of 2007, $121 billion.

Hedge funds accounted for 33% of the market. Who was driving this market for concentrated, high-purity toxic waste? Surprisingly, it was the "conservative funds" of pension funds and foreign investors. And these funds had actually invested in the most toxic, ordinary CDO tranche.(311)

Rating agencies complicit in fraud

Of all MBS, approximately 75% were rated "AAA," 10% were rated "AA," 8% were rated "A," and only 7% were rated "BBB" or lower. The reality is that during the fourth quarter of 2006, *subprime* loan defaults reached 14.44%, and by the first quarter of 2007, they had increased further, reaching 15.75%. Following the $2 trillion interest rate adjustments in 2007 and 2008, which created an unprecedented scale of "freakish monthly payments" in the

subprime and ALT-A market, an even higher rate of defaults inevitably emerged. From late 2006 to mid-2007, more than a hundred subprime lenders were forced to close.

And that was just the beginning… The *US Mortgage Bankers Association* survey report stated that in the end there would probably be 20%
subprime loans that will lead to foreclosures and auctions and that 2.2 million people will lose their homes.

Standard & Poor's, Moody's, and other rating agencies seriously misled many investors, and regulators sued rating agencies one after another. On July 5, 2007, *the Ohio Police & Fire Pension Fund,* the third-largest U.S. pension fund, risked major losses because 7% of its investments were in the MBS market. Ohio Attorney General Marc Dann explained:

The rating agencies received money every time these subprime pools were created and a market launch was made.

[The agencies] continued to give these things AAA ratings. [So they are] among the people who aided and abetted this ongoing fraud.

Moody's responded by saying the accusations were ridiculous:

Our role in the credit market is very important, but extremely limited. We issue reasoned, forward-looking opinions on credit risks.

Machine Translated by Google

Our opinions are objective and are not linked to buy or sell recommendations.

Our opinion is objective; we do not force anyone to buy or sell.(312)

Moody's logic was that writing a movie review didn't mean forcing people to go see it. In other words, "we have no obligation to deliver." Yet investors, seething with anger, believed that for a complex product with opaque pricing, they could trust the rating agencies' assessments. How could they deny any responsibility?

If there were no "AAA" rating, how could the many pension funds, insurance funds, education funds, state-sponsored funds, and foreign investment funds subscribe? Everything is based on the "AAA" rating, and if there were a problem with this rating, then danger could arise at any time for the hundreds of billions of dollars of investments involved in the funds.

In fact, asset ratings validated the rules of the game in this gigantic casino game. [In 2007], one of the Big Five Wall Street banks, Bear Stearns, suffered huge losses in two hedge funds.(313) Before this incident, many investors and the regulator had begun to investigate the issue of pricing of hedge funds and investment banks.

The *Financial Accounting Standards Board* required that the exit price of assets be calculated using fair prices, not their entry price. The so-called exit price is the price at which assets are sold in the market, whereas the price commonly used by investment banks and mutual funds was calculated using internal mathematical formulas.

Because the CDO transactions were so recent, there was a lack of reliable information on market prices. If investors had requested CDO prices from five brokers, they likely would have received five different prices. Wall Street intended to keep the market opaque in order to generate huge profits from sales commissions.

When you make money, you're obviously over the moon, but as soon as something goes wrong, there's no one there. In these circumstances, Western society shows its true colors. Such was the relationship between Bear Stearns and Merrill Lynch. The two Bear Stearns hedge funds reported that they "bet on the wrong horse in *subprime mortgages,* resulting in huge losses."

The correct interpretation is that they unfortunately took a gamble on assuming the risks of concentrated, high-purity toxic waste, synthetic CDOs, and found themselves on the wrong side of history. The party that transferred the risks to them may have been one of their investors. As of March 31, 2007, the assets controlled by the two Bear Stearns hedge funds reached more than $20 billion, which lost 20 *% by early July.* Thus, the creditors sought to divest.

Merrill Lynch, one of the largest creditors, sounded the alarm in several unsuccessful debt collection cases. The bank brazenly announced that it would begin selling Bear Stearns' $800 million mortgage bonds.
Merrill Lynch had said in the past, before Bear Stearns announced a hedge fund recapitalization plan, that it would not sell these assets.

A few days later, Merrill Lynch rejected Bear Stearns' restructuring plan. Bear Stearns also proposed a $1.5 billion emergency plan, but failed to obtain creditor approval. At the same time, Goldman Sachs, JP Morgan Chase, and Bank of America were buying up shares in the corresponding funds.

Panic broke out during the auctions: only a quarter of the bonds had been investigated, and their price was only 85 to 90 percent of their face value. This was the epitome of Bear Stearns' "AAA" rating. If even these quality assets lost at least 15 *percent,* let alone those BBBs that no one cared about, then the toxic CDO waste could only be appalling.

The total losses promised to be enormous. The harsh reality shook Bear Stearns and shook all of Wall Street: the CDOs, representing a total value of $750 billion, remained on the balance sheets of the commercial banks. Their trick was to transfer these CDOs to off-balance sheet lines to calculate their prices internally and not based on market prices. The Wall Street banks had only one conviction: not to hold auctions!

This risked exposing the real prices of CDOs, and people would see that the real price of this asset bubble was not the one that finance had published—120 or 150 percent of their nominal value, but more likely 50 *percent* or even 30 *percent.* Once the market prices were exposed, funds of various sizes invested in CDOs would be bound to reexamine their asset accounts; large losses would be difficult to cover, and an unprecedented financial crisis would sweep the world.

By July 19, the two hedge funds subordinated to Bear Stearns were worthless, their $20 billion in assets gone up in smoke within weeks. On August 1 , both hedge funds announced their bankruptcy filings. Who exactly held this toxic waste?

This is a very sensitive issue on Wall Street. According to statistics, at the end of 2006, hedge funds held 10 *%,* pension funds 18 *%,* insurance companies 19 *%, and* asset management firms 22 *%.* Of course, there were also foreign investors, who had brought new vigor to the MBS, CDS, and CDO market. From 2003 onward, how many of the structured investment products launched in China by foreign financial institutions were contaminated by this toxic waste? No one knows.

The Bank for International Settlements recently warned that the *subprime* problem was becoming increasingly apparent, but that it was not yet clear how it would infiltrate the credit market. Does this "not yet clearly" imply that the CDO market could collapse? *Subprime* and ALT-A loans, the ingredients of CDOs, CDSs, and synthetic CDOs, reached at least $3 trillion.

It is now easier to understand why the BIS warned of a probable Great Depression like that of the 1930s. The BIS
also believed that in the next few months the credit cycle would undergo changes.

Fed officials believed that policymakers had failed to recognize financial market concerns about the *subprime* mortgage market and anticipate the impact on the economy. Ben Bernanke stated in February 2007 that *subprime mortgages* were a key issue, but that there were no indicators that it was likely to spread to the entire market, which appeared to be generally healthy. Subsequently, both investors and officials avoided discussing the high risks of *subprime mortgages.*

Avoiding the problem doesn't solve it. People in real life could sense the impending crisis. When pension funds lose money, retirement ages are pushed back. When insurance companies lose money, premiums rise.
When government-managed funds suffer heavy losses, citizens see traffic fines increase...

In short, the rule refined by Wall Street finance is that bankers are always the big winners and can cash in
astronomical bonuses; the big losers will always be the taxpayers and foreigners who will foot the bill.

Machine Translated by Google

But no matter who wins or loses, the inflation and enormous debt generated by the banking system's innovation process will produce a new, quiet division of wealth, widening the gap between rich and poor even further. The best insurance for an increasingly unbalanced world.

Debt Implosion and Liquidity Crisis

The US *subprime* mortgage crisis is, at its core, a typical debt implosion crisis. By simultaneously producing mortgages and money out of thin air (and not by lending savings to others, as ordinary people believe), a head start is actually being created on the work to be done in the future by manufacturing and circulating money.

The phenomenon can be broken down into two parts: the increase in the money supply produced by the numerous real estate loans inevitably leads to galloping inflation in real estate prices; the central bank, to deal with inflation, increases interest rates.

These two combined effects increased the pressure on borrowers to pay monthly payments until they defaulted. The logical consequence was a fall in real estate prices: investors withdrew from the market, no one wanted MBS and CDOs anymore; and a sudden liquidity crisis emerged in the bond and money markets.

This monetary tightening once again shook the CDS market. Those who had bought these contracts, generally the big Wall Street investment banks, were demanding huge compensation for all these defaults; and the CDS sellers, mainly the American insurance giant AIG, but also Fannie Mae and Freddie Mac, suddenly became aware of the colossal sums they would have to pay out to the "policyholders."

This reversal of the situation would quickly lead to a new and gigantic transfer of wealth to international bankers.
Indeed, the pattern of most investors and the direction they were taking was similar, and asset sales turned into panic.

This is the vicious cycle of economic development based on debt-laden money: debt creates money, money stimulates greed, greed fuels more debt, debt implodes, implosion triggers monetary tightening, and monetary tightening leads to recession!

Many analysts believe that *subprime mortgages* are just an isolated problem, and that they will not be excessive compared to the size of the US financial market. This view ignores the problem of the structure and form of the financial market, which is neither developed nor independent. From a vertical perspective, *subprime mortgages* display a huge inverted pyramid structure.

At the bottom of the pyramid, $400 billion to $500 billion constitutes subprime bad debt , supporting $750 billion in CDOs, with another $50 trillion in CDSs above that. Above the CDSs are synthetic CDOs, MBSs, CDOs pledged as collateral to commercial banks with leverage 5 to 15 times higher, and "fake money" supporting liquidity. The inversion of this pyramid will add the $100 trillion interest rate *swap* market to the derivatives market.

Liquidity will go from flooding to sharply tightening, MBS and long-term US debt financing will become a never-ending source of problems, and if interest rates continue to rise, then the $100 trillion interest rate *swap* market will experience an even more deafening implosion.

The correlation between debt and its structure raises a crucial question: when 2.2 million people are saddled with debt and are at risk of becoming homeless, can we reasonably expect them to continue paying off their car, college, credit card, and other debts? The basic characteristic of debt is to create a link between the best of today and… the worst of tomorrow!

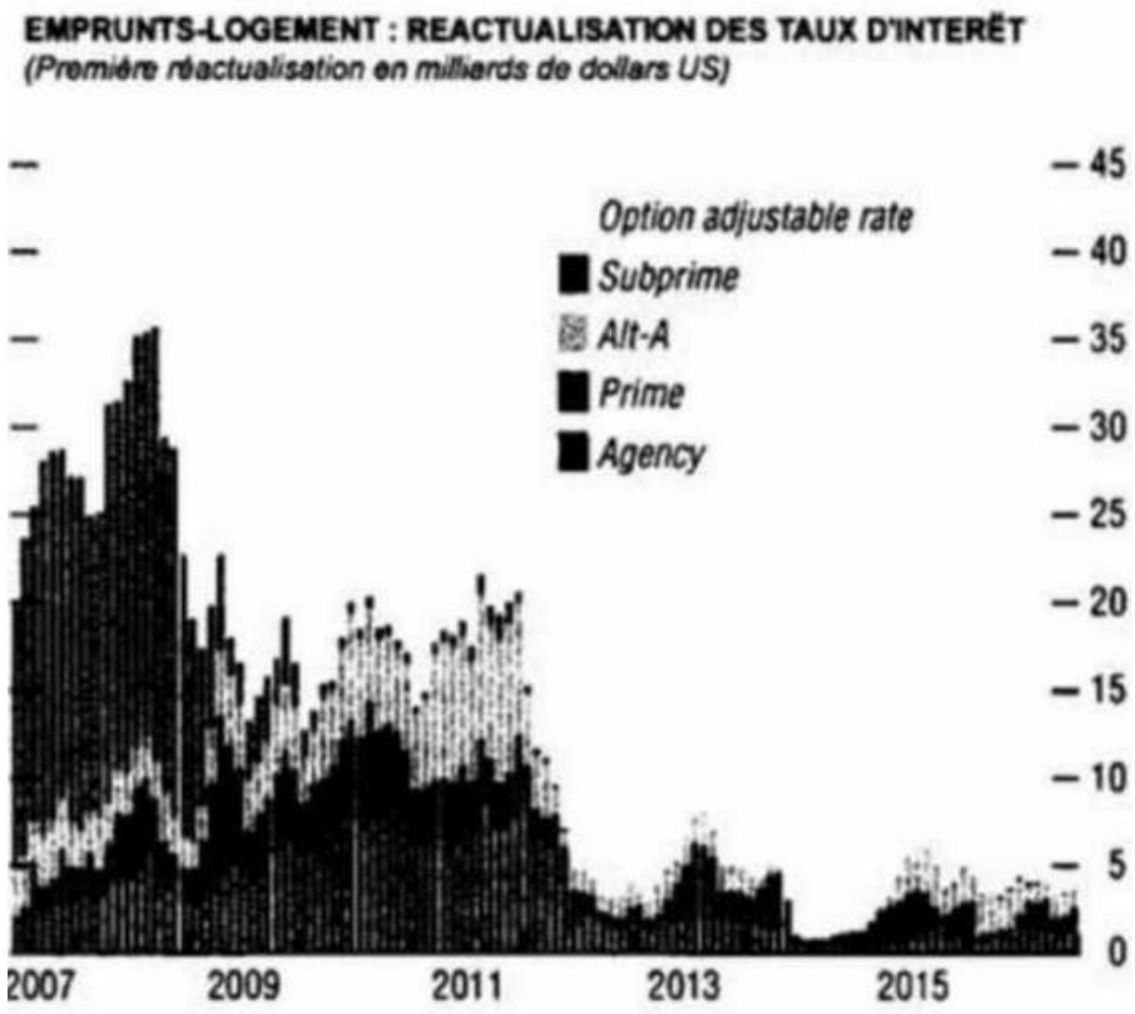
These bonds and banking derivatives, interwoven with collateral, were issued at a frenetic pace, in ever more innovative forms. If one major player falls, it will inevitably drag the others down with it, like a game of dominoes. Millions of people will fall at the same time.

Who can save them? Financial innovation has created systemic risk of unprecedented magnitude. In 1998, the stock market crisis threatened a certain long-term capitalism in the United States. The Fed then convened the largest creditors to consider counter-
measures.

But today, if the market experiences a debt implosion, knowing that defaults would affect countless investors, and that these unregulated transactions are conducted over the counter, a terrible chain reaction could occur, and the entire system would be paralyzed.

Metaphorically speaking, in the traditional financial market, where risks are concentrated, the risk is high and the target is clearly defined. As soon as there is a hemorrhage, central bank doctors apply effective measures to stop it. But when the risk is fragmented and held in hundreds of thousands of hands, as in the modern financial market, as soon as there is a lot of blood flowing, it is almost impossible to stop the hemorrhage, because the doctor has no idea where to start.

Machine Translated by Google



Source: Credit Suisse.

In this sense, the unprecedented injection of capital by the Fed and the European central banks since August 2008 confirms the seriousness of the problem. They did not overreact. Without the central bank bailout, it would not be an exaggeration to say that the markets financial markets of today's world would be in ruins. The graph above shows the calendar of mortgage resets in the United States. On the x-axis, the months, starting in January 2007; on the y-axis, the reset of US household mortgage debt. From this graph, we can clearly see why, at the end of February 2007, the first major earthquake appeared in the world's financial markets, and in August the second. The third is likely to peak at the end of 2007.

Subsequent aftershocks will continue for many years.

What future for financial markets?

Although central banks have the crisis temporarily under control, the fundamental problem of debt implosion has not seen any respite. The $750 billion valuation of toxic assets in the US banking system has yet to be exposed. By the end of 2007 and In early 2008, the cumbersome problem of refinancing *subprime loans arose.* Probably another earthquake in preparation.

After a continuous series of earthquakes, it is unlikely that American consumers will still want to go into debt. The heart of the The problem is that it is an indebted currency that drives the global economy. Repaying the debt requires monetary tightening.

Since financial markets demand high returns that real economic growth struggles to meet, financial markets cannot ignore the rapid increase in the money supply, let alone stop or renounce it. However, The implosion of *subprime* debt shows that overdraft capacity has consumed its full potential. In 2006, $1.9 trillion mortgage loans were added to the mix, and the scale of debt derivatives increased accordingly.

Machine Translated by Google

As a new substitute for debt, Wall Street geniuses are urgently developing "death bonds . " The concept behind *death bonds* is to buy out the life insurance of sick and elderly people for a fraction of their policy.
Then investment banks plan to "secure" these policies by bundling hundreds or thousands of them into bonds sold to investors.

These will replace the former insured and continue to pay the premiums for the insurance in question, but will receive the remaining amount to be paid when the person **dies(314).** Investors will find people who have taken out life insurance and suggest to them that since their policy will be spent by others after their death, why not receive the money now while they are still alive? This argument will certainly attract many people.

And, for their part, investors will have an interest in the insured dying as quickly as possible. And the investment bank will take
5% to 6% fee increase… However, this market does not seem to have the potential of *subprime real estate loans…*

Another idea is to significantly extend the term of mortgage debt, from 30 to 40 or 50 years. This can improve the size of the debt and provide sufficient liquidity to the market. But this must be done on a large enough and rapidly increasing scale to replace the temporary paralysis of the debt-operating system. Otherwise, no force will be able to stop the coming severe recession.

Machine Translated by Google

11
LOOK FAR AHEAD

" *Just like freedom, gold has no place where it is undervalued."*

Lot Myrick Morrill.

In 1850, London was undoubtedly the sun of the global financial system. By 1950, New York had taken its place at the center of the world's wealth.
world. In 2050, who will claim the hegemonic throne of international finance?

The experience of human history shows that countries or regions that increase their productivity create enormous wealth. To protect their wealth from usurpation by currencies diluted by others through trade, these regions have cultivated an internal driving force to maximize the purity of their currency, much like the strong gold pound in the 19th century or the gold and silver dollar in the 20th century.

The world's wealth has always automatically flowed to places that could protect its value. A stable, strong currency has greatly encouraged the rational distribution of resources and the division of labor in society, creating a more efficient economic structure and thus more wealth. Conversely, when a powerful and prosperous nation begins to slide, society's productivity continues to decline, and

enormous government spending or the costs of war gradually drain the coffers. The government always begins by devaluing the currency in an attempt to escape debt and plunder its citizens' wealth.

From then on, the currency cannot seek other shelter, and this is irreversible. The stability of the currency is a first sign of prosperity or decadence. When in 1914 the Bank of England announced that it was ending convertibility between the pound and gold, the glory of the British Empire was relegated to the past. When Nixon closed the gold window in 1971, America's brilliant industries went from flourishing to declining.

England's power quickly dissipated in the smoke of World War I, while the United States was fortunate enough to escape another major war, allowing it to maintain its prosperity for a time. But the seemingly luxurious house was already slowly being emptied by debt. Historically, it is known that any manipulation to devalue a country's currency and attempt to defraud capital results in the flight of wealth.

Currencies: units of weights and measures in the economic world

Money represents the most basic "weights and measures," central to any economy. The role of money is similar to the most important measurements in the physical world, such as kilograms, meters, seconds, etc. A monetary system that experienced severe daily fluctuations would be ridiculous and dangerous, just as the kilogram, meter, and second would be if they changed.
constantly.

If the ruler in an engineer's hands changed length every day, how could he build a ten-story building?
Even if he were only to repair it, who would dare live there? If the standards of timepieces in sports competitions changed all the time, how could athletes compare their results at different competition venues? If a merchant sold products and the standard of kilos on the scale shrank every day, as if the weights never stopped changing, who would be willing to buy anything from him?

One of the fundamental problems facing the economy today is the lack of rational and stable standards of monetary "weights and measures," which prevents the government from accurately measuring the scale of economic activity. Businesses have difficulty determining whether long-term investments are wise, and people have lost all frame of reference for long-term wealth planning. Under the arbitrary and random control of bankers, money in the economy has seriously distorted the rational allocation of market resources.

When people calculate their investment in stocks, bonds, real estate, production lines, or the return on investments in commodity trading, they are unable to calculate the real rate of return because it is difficult to estimate the decline in the purchasing power of money.

After 1971, when the US dollar was delinked from gold, its purchasing power declined by 94.4 *percent.* Today's dollar is worth 5.6 cents compared to the dollar of the early 1970s. The "10,000 RMB households" (a term used in China since the 1970s to refer to households with income or savings exceeding 10,000 renminbi per year) of the 1980s were signs of prosperity.
In 1990, this was the average income of urban households. But now, families earning 10,000 RMB a year are approaching the poverty line.

Economists are only concerned about the level of inflation in commodity prices, but no one pays attention to the enormous inflation of assets. This type of monetary system is a cruel punishment for savers. This is why, although the stock and real estate markets are very dangerous, not investing would be even more so.

When people buy houses, the loan they apply for from banks is just an IOU; there isn't that much money in the bank's account. But when the debt is generated, money is created out of thin air, and this IOU is immediately monetized by the bank, automatically increasing the money supply. This money pushes up the prices of consumer goods, especially assets.

Machine Translated by Google

Therefore, without mortgages, house prices could not reach such high levels. Banks claim to help people finance their homes, but the result is the opposite. Bank mortgages are equivalent to overdrawing thirty years of citizens' income.

The money for the next thirty years has therefore been allocated to the present and monetized. With such a surge in wealth monetary, it is real estate prices, the stock market and bonds which have every reason to increase as well...

Having exposed citizens' savings for the next thirty years, real estate prices have reached such a level that home ownership is becoming difficult for ordinary people. In order to "help" people borrow more to support real estate prices, bankers in England and the United States have attempted a major innovation: "lifetime mortgage debt."

England has launched fifty-year mortgages, while the United States and Canada are experimenting with 45-year mortgages. If the attempt is successful, a new debt-money bubble will burst, and real estate will experience a "blooming spring." People who borrow from banks will be chained to lifelong debt, and those who don't buy a house will suffer an even worse fate, for they will eventually be so poor that the debt chains won't even want to count them among their customers.

And if the feast of fifty years of debt is no longer enough to satisfy the bankers' appetite, it is to be feared that one day "intergenerational loans" will be invented, where parents will buy and children will pay off, or grandparents will contract a debt and grandchildren will repay it.

While their foreign exchange reserves, happily exceeding a thousand billion dollars, delight the Chinese, they have withdrawn trillions of RMB to buy the “gigantic US IOU ”.**(315)**

In China, when education and healthcare also enter the "industrialization" phase, these social resources, originally shared by society, will suddenly become "exclusive assets." Monetary tsunamis will flood society, and the education and healthcare sectors will be taken over by private interests. When transactions between companies become IOUs, banks will discount the various documentary securities, which will in fact become bank assets, and at the same time create money.

When people use their credit cards, every piece of paper they receive in exchange becomes an IOU, which in turn becomes a bank asset, and these assets turn into additional money. In other words, all these transactions become debts, and through the process of monetization, money is created each time.

Debt, debt, and more debt. The RMB is rapidly sliding into the abyss of debt-ridden currency. The difference with the United States is that China has not developed a derivatives market like the United States to absorb its monetary surplus. These waves of liquidity are concentrated in real estate, stocks, and bonds.

There is virtually no way to curb the inflation of these "super assets." The myth of Japanese financial markets and the real estate frenzy that gripped Japan will be repeated in China. International bankers are preparing for the spectacle of Southeast Asia's next economic super-bubble.

Some people are familiar with the phenomenon of the debt bubble. When it has inflated well, reaching a certain level, renowned international economists will spring into action. The media will publish negative news and dire warnings about the Chinese economy, and financial hackers with sharp knives will rush in like hungry wolves, while stunned domestic and foreign investors will flee in disarray.

The fractional reserve system and debt money will eventually become free electrons and condemn the world to poverty. Debt money, subordinated to the high-powered amplifier of the fractional reserve system, will allow those who borrow money to buy assets to profit from the inflation of those assets, and they will find themselves trapped in the stock market. Anyone who sincerely believes in the conventional wisdom that "he who has no debts, lives happily" will inevitably feel the brunt of this inflation.

Debt monetization and the fractional reserve system have unsurprisingly caused the intrinsic devaluation of this reserve currency, sitting on a mountain of IOUs, namely the LFS dollar. With such a continuous depreciation of "weights and measures," how could the economy develop harmoniously and stably?

In an era where everyone must be talking about "standardization," the weights and measures of money have no standard. Isn't this the height of absurdity? When people become aware of the true nature of debt money and the fractional reserve system, its absurdity, immorality, and indefensible nature will undoubtedly be exposed.

Without stable monetary "weights and measures", there can be no balanced development of the economy, nor a reasonable distribution of resources, which leads to social fracture, condemning society's wealth to gradually concentrate in the financial sector.
Building a harmonious society is becoming as utopian as building a castle in Spain.

Gold and silver, “divine protectors” against price instability

On July 13, 1974, The *Economist* magazine published some shocking statistics on commodity prices throughout the British Industrial Revolution. Over a 250-year period, between 1664 and 1994, under the gold standard, prices in England remained fairly constant, albeit with a slight downward trend.

The present era offers no other example of a country whose prices have remained so continuously stable. The purchasing power of the pound sterling has maintained incredible stability. Although the price index was fixed at 100 in 1664, it remained below this level most of the time, except during the Napoleonic Wars (in 1813), when it briefly rose to 180.

At the outbreak of the First World War in 1914, the price index was 91. In other words, under the gold standard, the The purchasing power of the pound was stronger in 1914 than 250 years earlier, in 1664 !**(316)**

The situation in the United States under the gold standard was very similar. In 1787, Article I, Section 8, of the U.S. Constitution gave Congress the power to issue and define money. Section 10 specifically provided that states could not use any currency other than gold and silver to pay interest, meaning that U.S. currency must be based on gold and silver.

Machine Translated by Google

The Coinage Act of 1792 established that the dollar was the basic unit of weights and measures of American currency, which contained precisely 24.1 grams of silver, that 10 dollars contained 16 grams of pure gold, that silver was the cornerstone of dollar system, that the gold-silver ratio was 15 to 1, and that anyone who diluted the purity of the dollar or devalued it would be liable to the death penalty.

In 1800, the US price index was 102.2. In 1913, it fell to 80.7. In the period of intense changes of the industrial age, Price volatility did not exceed 26 %. Under the gold standard period from 1879 to 1913, it fell to less than 17 %. With the development very rapid growth of American production, the country experienced the historic process of industrialization in 113 years. The average inflation rate was almost zero and the annual price fluctuation did not exceed 1.3 **%.(317)**

Still under the gold standard system, the major countries of Europe managed to maintain a very stable currency as they moved from an agricultural economy to an industrial economy:

French franc	1814-1914	100 years of stability;
Dutch guilder	1816-1914	98 years old;
Swiss franc	1850-1936	86 years old;
Belgian franc	1832-1914	82 years old;
Swedish krona	1873-1931	58 years old;
German mark	1875-1914	39 years old;
Italian lira	1883-1914	31 **years old.(318)**

It is no wonder that Ludwig von Mises of the Austrian School considered that during the golden age of capitalism, the gold standard was the global norm. Without a stable and reasonable monetary environment, the rapid development phase of capitalism, originally immense wealth, would have been unthinkable.

This system, which took shape in the process of natural evolution of gold and silver in the market, can put to shame all the geniuses of 20th century economic planning . Gold and silver as currencies are natural products of evolution, a product authentic market economy, an honest currency in which people can place their trust.

What is meant by "monetary weights and measures" is beyond the reach of the greed of the financial oligarchy, as well as of the government preferences or the speculative interest of economic "geniuses." In the past as in the future, there is only the natural evolution of gold and silver money in the market which can accomplish this historic task of honestly protecting the people's wealth and the rational distribution of resources in society.

Contemporary economists propagate the view that the speed of increase in gold and silver cannot keep pace that of wealth. The gold and silver standard system would lead to deflation, the great enemy of all economic systems. This is in fact a preconceived illusion.

It was Keynes and the international bankers who together concocted the theory of reasonable inflation, and who, by means of the abolition of the gold standard and inflation, collected the "hidden tax" from the citizens, so as to plunder and steal the wealth of the people without leaving of traces. The analysis of social practices since the 17th century irrefutably proves that the enormous economic development and social does not inevitably lead to inflation.

In fact, England and the United States accomplished their industrial revolution with mild deflation. So the real questions are: Can't the rate of increase of gold and silver catch up with that of wealth, or rather that of indebted money? And the abuse Is the issuance of debt money really beneficial for the development of society?

Debt feeding and GDP dieting

Supporting a GDP growth-driven economic development model is like exercising to be healthy while having a lifestyle that involves gaining weight. The government is stimulating growth with the deficit budgetary, which amounts to relying on hormone injections to stimulate weight gain. And the debt currency is the fat that proliferates. Is a man who appears more and more bloated really healthy?

An economic growth model can only be of two kinds. The first is real wealth accumulated through savings. This capital gold and silver is used for investment, creating even more real wealth from there, and the economy grows a little further more. This growth develops the muscle tone of the economy and distributes nutrition in a balanced way. Although the results visible signs are slow to come, growth is high quality, and side effects are few.

Another model is economic growth fueled by debt: the debts of the country, companies, and individuals. These debts, after monetization in banks and numerous issues, produce a feeling of a wealth bubble; the devaluation of the currency becomes inevitable, the configuration of resources on the market is distorted, the divide between rich and poor worsens, and a lot of fat proliferates in the economy.

This debt-based economy is like rapidly gaining weight through hormone injections; although in the short term the Although the results are spectacular, its side effects induce various complications, forcing the economy to take more and more medication, attacking its endocrine system, creating internal disorders, to finally become totally incurable.

The "fatty growth" of indebted money generates economic hyperglycemia: this is the phenomenon of inflation, particularly asset inflation. On the one hand, this economic hyperglycemia induces overcapacity in the area of production, duplicative construction, a great waste of market resources, a severe price war in the field of

Machine Translated by Google

production, the repression of consumer goods prices, causing asset inflation and consumer goods deflation to coexist.

Households, as basic economic units, are under pressure from asset inflation and the risk of job loss. Employers, caught in the production slump, are consequently cutting back on spending, leading to a contraction in consumption and the loss of vitality of many cells in the economic fabric.

Another problem caused by the lipid growth of debt-based money is high cholesterol. Once debt is monetized, the money acts like a metastasis. The flood of liquidity resulting from the issuance of money accumulates in every corner of society; people will realize that there is more and more money, but fewer and fewer investment opportunities.

Under the gold standard, the stock market's main characteristic was the solid financial structure of listed companies, which had healthy balance sheets, sufficient equity, and steadily increasing profits. And although investing in the stock market carried risks, it remained a good place to invest one's savings. But today, the world's major stock exchanges are already awash with mountains of indebted, hoarded, and overvalued currency.

While there are still investors who rely on dividends from their shares to make profits, the madness that has taken hold of stock market investors is increasingly based on the "theory of the most **foolish(319)** " and their hopes of profit are based on forecasts of rising prices.

The securities market is losing its investment appeal day by day and is gradually evolving into an unusually crowded super casino. The situation in real estate is similar. Debt is causing the economic bloodstream to become fragile. The increased issuance of debt-backed currency is making the economy's bloodstream viscous. Large amounts of funds are rushing into the securities and real estate markets, resulting in the huge funds remaining in the stock markets and real estate creating more traffic jams in the economy's bloodstream.

Hypertension symptoms thus become inevitable. With long-term high blood pressure, the economy will bear a heavier burden on its core. The heart of the economy is the creation of wealth in a natural environment and based on society's resources.

The heavy burden of debt-laden money is creating increasingly serious environmental deficits, with pollution, resource depletion, ecological damage, climate hazards, natural disasters, and more. All of this is the interest payable on debt-laden money, which is increasing exponentially. The divide between rich and poor, economic instability, social conflict, and corruption are the penalties imposed on a harmonious society by debt-laden money.

When the fat of indebted money simultaneously causes high cholesterol, high blood sugar and high blood pressure, the entire economic endocrine system becomes disorganized, nutrients are poorly absorbed, internal organs are severely damaged, metabolism cannot function properly, and the immune system loses its resistance.

If we use the technique of "treating the symptoms and not the cause of the disease," we risk causing greater dependence on medication, exacerbating the deterioration of the economy's endocrine system. But if we clearly understand the nature of debt money and the harm it can cause, we must make appropriate adjustments to our economic development strategy.

The old growth model, achieved through GDP growth, based on debt money and through budget deficits, will have to be transformed into a new model focused on the harmonious development of society, with the weights and measures of an honest currency that stimulates growth through savings.

Gradually establishing a stable system of weights and measures of Chinese currency, backed by gold and silver, gradually expelling debt from the currency in circulation, and steadily increasing the reserve ratio as an essential government means of macroeconomic control and regulation(320) - all these revenues will help keep the profit margins of the financial sector higher than those of other sectors of society.

Only by radically eliminating the twin diseases of debt money and the fractional reserve system can social justice and harmony finally be ensured. Removing debt from the money supply is a long and painful process, akin to a draconian diet. Cutting back on food, adjusting diet, and increasing exercise are less pleasant than lying in the cozy bed of monetary growth and debt.

A mild deflation will follow, and it will be like getting up one morning and taking a dip in an icy pool: a test of human will and endurance. After the initial pain has gradually been overcome, the flexibility of the economic system will be significantly enhanced, as will its resilience to the shocks of economic crises.

Pressure on the environment will be reduced, market resource allocation will be more rational, symptoms of high blood sugar, high cholesterol and high blood pressure will be effectively relieved, the endocrine system of the economy will return to its natural balance, and society itself will be healthier and more harmonious.

Along with the complete liberalization of China's financial sector, it is important to recognize the advantages and disadvantages of the Western financial system: openness, pragmatism that focuses on the essential and rejects the superfluous, and ever-renewed courage and resourcefulness. Almost every country that has risen to power in history can make remarkable contributions to the development of society. China has reached this particular strategic inflection point.

The "Strategic Air Force" of Chinese Economic Development

Achieving global reserve currency status is the Holy Grail for all sovereign countries issuing their own currencies. It confers unparalleled power and generates global confidence. For the economy of the country holding this global reserve currency, the benefits are limitless.

People often wonder about China's powerlessness to set prices in international markets. For example, Walmart can exploit Chinese companies and reduce their margins to heartbreaking levels; economists explain this by saying that the company represents the largest consumer market in the United States and is simply responding to consumer demand for ever lower prices.

Machine Translated by Google

But what about iron ore, oil, medicines, airliners, and software? China is one of the world's largest markets for virtually all of these products. And it controls all the trade channels in the Chinese market. So how can we...
Is it because pricing is decided elsewhere and so many Chinese people have to bear the financial impact?

In fact, the key point of China's inability to decide on prices is the lack of financial strategy at this level. For a long time
During the past period of its history, China's development depended on foreign investment. Without a policy to attract these investments, China would not have become what it is today.

But investments can be made in China as they can be made in India; they can decide to enter as they do exit. Whoever controls pricing is really the one who controls the flow of investment. It doesn't matter that companies are in the top 100 or 500, whether they are car manufacturers or IT giants, they
all need financing.

For businesses, money is like the air we breathe or the water we drink: it is impossible to live without it. The financial sector is the absolute master of all other sectors of society. He who controls the flow of money can determine the rise or fall of any business.

As for the international bankers' monopoly on issuing dollars, if an Australian iron ore company needs to cut prices, a phone call is all it takes. Still want financing? If that company doesn't agree, it will be...
excluded everywhere from financial markets.

More simply, in the securities market, the price of its shares and bonds will be subverted, until society falls to its knees and begs for mercy. The financial sector's trump card is that it can cut off the supply of
companies, forcing the adversary to submit. The financial sector is like a strategic air support force: without the assistance of air strikes, the industries on the ground have nothing left to do but enter into brutal hand-to-hand combat and kill each other.

This leads to rivalry that drives down prices, increases resource consumption, and worsens working conditions. In short,
In the international market, without the aerial support of finance, there is no longer any control over the pricing of products, nor any capacity for initiative. or economic development strategy.

This is why the Chinese currency must become the world's reserve currency. That said, what kind of currency can deserve to become the world's reserve currency? The pound and the dollar were once the warlords.

These currencies wrote the history of reserve currency, especially under the coordinated system built by the Anglo-American domestic economy with stable monetary weights & measures, rapid development of material production, ultimately gradually guiding
the global trade regulatory system.

The cornerstones that brought fame to the pound and the dollar are gold and silver. During the rise of these two countries, their banking services networks spread throughout the world; internationally, the pound and the dollar could freely and Easily convertible into gold, these two currencies were prized on the market, recognized as strong currencies.

At the end of World War II, the United States held 70% of the world's gold. The dollar was hailed by the world as the "gold dollar." The stable wealth provided by the gold standard protected the rise of England and the United States, but also laid the historical foundations for the pound and the dollar as global reserve currencies.

From 1971 and the final decoupling of gold from the monetary system, the purchasing power of currencies that shone under the light
The gold standard melted like snow in the sun. In 1917, an ounce of gold was worth $35, but on November 23, 2006, it was worth $630 !**(321)**
For 35 years [from 1971 to 2006], the relationship with gold has been expressed as follows:

Evolution of the purchasing power of the main currencies between 1971 and 2006:

Italian lira	98.2% (1971-1999);
Swedish krona	96%;
pound sterling	*95.7% ;*
French franc	95.2% (1971-1999);
Canadian dollar	95.1 *% ;*
US dollar	94.4%;
German mark	89.7% (1971-1999);
yen	83.3%;
Swiss franc	81.5 *%.*

The collapse of the dollar system is an unstoppable logic. If the indebted dollar is unreliable, then what other indebted currency is there? will be able to give confidence to the world and do better than the dollar? Of all the modern debt currencies of the West, the strongest is the Swiss franc. The world's high degree of confidence in the Swiss currency used to be explained simply.

It was 100% gold backed and therefore had a reputation equivalent to that of gold. While the country's population was only 7.2 million inhabitants, in 1990, the gold reserves of its central bank were 2,590 tonnes, or 8% of the total of all gold reserves of central banks in the world, behind the United States, Germany and the **IMF.(322)**

When Switzerland joined the IMF in 1992, the latter prohibited its members from indexing their currencies to gold, and Switzerland was forced finally to decouple the Swiss franc from gold. Gold's support for the Swiss franc gradually diminished. By 1995, it no longer supported it. than 43.2 *%.* In 2005, only 1,332.1 tonnes of gold remained in Switzerland, which is still twice as much as the official gold reserves in China (600 tonnes). Due to the decline in gold support, the purchasing power of the Swiss franc gradually declined towards its twilight.

Machine Translated by Google

For its part, Japan's gold reserves in 2005 were only 765.2 tons. It wasn't that the Japanese were reluctant to increase their reserves, but rather that the United States had forbidden them to do so in order to defend the dollar. In this regard, in his book *Gold Wars,* Ferdinand Lips, the great Swiss banker and gold expert and co-founder of *Rothschild Bank AG* in Zurich, relates a revealing anecdote:

A Japanese banker who wished to remain anonymous, and whom I met at the Paris conference of the World Gold Council in 1999, told me that Japan is not allowed to buy gold while American warships are cruising in the Pacific to protect its security. ***(323)***

Today, China already has a trillion dollars in foreign exchange reserves.(324) The fate of China depends on the proper use of this enormous wealth. The issue is much more than a simple question of one-off financial risks. The priority for China is to consider the strategy that will give it the power of initiative in the coming international financial war, so as to achieve monetary hegemony in a post-dollar system.

By the end of 2006, China's financial sector was fully open; international bankers had long since sharpened their swords, and a currency war without gunfire was imminent. This time, people will see no rifles or cannons, and will not hear fighting on the battlefields, but the final outcome of this war will determine China's fate.

Whether China realizes it or not, whether it is ready or not, it is already in the midst of an undeclared currency war. Only by deciphering as precisely as possible the intentions, objectives, and orientation of international bankers will it be possible to develop effective strategies.

The two fundamental strategic objectives of the international bankers in China are to control the issuance of its currency and to organize the controlled disintegration of its economy. The establishment of a global currency and a supranational government led by the London/Wall Street axis will remove the last obstacle to the international bankers' dreams of absolute control.

Everyone knows that a monopoly on the supply of a commodity allows for maximum profits. And money is a "commodity" that everyone needs. If someone can monopolize a country's monetary issuance, their profits become unlimited.
This is what international bankers have been racking their brains for hundreds of years. Their greatest dream is to gain a monopoly on issuing money worldwide.

Looking at the overall picture, international bankers have obvious leverage and an aggressive strategy. However, an analysis of the Chinese banking sector—its financial concepts, human resources, business model, international experience, technical infrastructure, and legal system—reveals certain weaknesses, but to an order of magnitude less than those of international bankers who have been manipulating currencies for hundreds of years.

To avoid complete defeat, the tactic applied must be: "You fight your way, I'll fight mine." Above all, one must not fight according to the enemy's rules! In this 100 *% monetary war,* the belligerents have only two possible outcomes: victory or defeat. In this war, China will not be conquered by the "New Roman Empire"; however, in the course of the battle, it may succeed in engendering a new, rational world monetary order.

Strategies for the future: "Build walls, stockpile grain, and when the time comes, seize the throne."

Building Ramparts A dual-

defense system must be established, consisting of an internal financial firewall and a flood barrier against external finance. It is foreseeable that international bankers will make inroads into Chinese finance. However, the Chinese have no defensive position to maintain.

When we talk about the entry of foreign-owned banks, most people only ask themselves the question of who,
national or foreign banks, will recover the share of the cake formed by household savings?

But in reality, the greatest danger comes from the fact that foreign-owned banks will grant loans to Chinese companies and
to individuals, which will directly involve them in the area of monetary issuance in China.

Through the fractional reserve system, foreign banks are gradually advancing the process of debt monetization—public, corporate, and personal—in China. These RMB loans granted by these banks will enter the Chinese economy in the form of checks, banknotes, credit cards, real estate loans, corporate liquidity facilities, and other financial derivatives.

In recent decades, SMEs and individuals in China have been treated with disregard by domestic banks. As a result, everyone is eagerly awaiting credit. The thirst for capital is like firewood, and the services of foreign banks are like a blazing fire: the two sides should get along perfectly at first contact, and a credit flare-up is easily foreseeable. **(325)** A lot of capital will lead to the duplication of similar projects.

But the deteriorating situation of consumer prices, which are tightening, and the simultaneous inflation of assets will be more serious: the
The former will immerse the china in ice water, while the latter will put it to grill on the fire.

When there is a serious oversupply of productive capacity and asset bubbles are inflating sharply, international bankers will start shearing the wool from the sheep; the time when they make the most money is always during an economic collapse.

Let us remember the words of Thomas Jefferson, who exposed the unconstitutionality of placing the issue of money between
the hands of private banks, and denounced all the evils that this would inflict on the people.

Two hundred years later, Jefferson's warning is still relevant. In China, there is still a crucial difference between the newly arrived foreign banks and the Chinese banks: although domestic banks sometimes supported asset inflation to generate profits, they never maliciously attempted to create deflation to wreak havoc on the citizens' wealth.

The reason China has never experienced a major economic crisis is because no one has ever had the intention, or even the means, to deliberately create one. But the full entry of international bankers into China has produced

Machine Translated by Google

a radical turnaround in the situation.

China's domestic financial firewall would aim to prevent inflation-generating foreign banks from pushing up China's asset bubble and then suddenly withdrawing their funds to drive deflation, forcing large numbers of businesses and individuals into bankruptcy, thereby allowing the purchase of key Chinese assets at a fraction of the normal price.

Financial management departments should strictly monitor the size and direction of loans granted by foreign banks; they should establish a government procedure for "macro-control" over the proportion of reserves and their composition, and prevent foreign banks from leading to the monetization of domestic debt.

We must protect ourselves against foreign-owned banks, international hedge funds and financial pirates who are active
coordinated manner. All derivative financial contracts of Chinese companies must be reported to financial management departments.

We must be extra vigilant about contracts signed with foreign-owned banks and be wary of international financial hackers who are carrying out "contactless and remote" attacks against the Chinese financial system. The warning given to the Japanese with the attack on the stock and financial markets in 1990 is not so long ago.

The outward-facing flood dam is primarily intended to address the crisis of the collapse of the dollar system.
With the decantation of the US debt of 44 trillion dollars(326), the enormous compound interest causing a flood of liquidity represents a great threat to the countries that are targeted by it, such as China and East Asia.

China must take urgent measures to prepare for flood relief and ensure the safety of property and people.
The rapid deflation of US dollar assets is not a prediction, but a daily occurrence, and the current situation is a small drop in the ocean compared to the deluge that awaits us. Once the dam bursts, the consequences will be catastrophic.

China's enormous foreign exchange reserves are already at great risk. In the next serious international financial crisis, the eye of the storm will be the dollar system and the super bubble in the financial derivatives market, while gold and silver will be the safest Noah's Ark for global wealth. A substantial increase in China's gold and silver reserves has become a most urgent necessity.

Building up grain reserves

The public and private sectors are simultaneously substantially expanding China's gold and silver reserves. Gold and silver resources must be given strategic asset status, tightly protected, and fully nationalized. Internationally, gold and silver producing companies must be acquired as additional future resources.

The final direction for China's monetary system reform is to build a "dual currency system," a framework in which China will support both gold and the dollar, achieve a stable monetary system of weights and measures, and complete strategic preparations for establishing the yuan as the world's primary reserve currency.

Seizing the Throne We

must carefully consider the difficulties and limitations facing China. The countries that currently dominate the world are unmatched in innovation; they can launch new products and services that other countries cannot replace; they can give birth to scientific and technological innovations; they can lead world civilization toward grand ambitions and new concepts. China, which is still only at the stage of large-scale copying of Western production techniques, has already made substantial progress in this regard, but it still has a long way to make up for lost time in scientific and technological innovation.

Ideologically and culturally, China lacks confidence in its civilization and tends to imitate the Western model in every way, without distinguishing the wheat from the chaff, the rational from the absurd, without daring to criticize or try things that the West has not done, nor to attempt to establish new global rules. These obstacles and inhibitions will not be overcome overnight, so China can only move forward slowly.

Gold-backed yuan: the path to a global reserve currency

A strong, rising country cannot rely on advanced technology and a strong military as its foundations. Only by establishing a universally credible monetary and financial system will it achieve an invincible position among the nations of the world and unshakable prestige in the face of unpredictable international upheavals. Imagine if today's United States abandoned the dollar as the global monetary pillar.

Even if the positions of Microsoft or the F-22 fighter jet are not contested, what would become of their position and their right to speak in international affairs? Could they carry out their activities with perfect ease, would their language still be as loaded with meaning? Would they remain the beacon toward which the entire world looks? China, which is a rising star, will have to unhesitatingly take up the challenge of creating a mature and credible monetary and financial system.

Money is undoubtedly the lifeblood of humanity's social and economic body. Those who hold and supply the blood have a stranglehold on opportunity and power. The blood source must be produced in a healthy and whole body: a model of intrinsic development. But a financial system that catches the incurable AIDS virus of debt would chain everyone to blood transfusions, which would eventually take their toll. The blood source must be type O, the only credible one, because it is universally accepted.

What kind of monetary system will be the source of China's Type O blood of tomorrow? This solid and comprehensive system should be based on various pillars. Currently, it relies solely on currency *swaps* linked to China's large exports, with its eye on the dollar to excessively buy US bonds. As a sole strategy, this risks proving disastrous.

The side effects of an export economy are too numerous, its very nature being to rely on increasing US debt to stimulate its economy. Americans have long carried unsustainable debt and continue to postpone their ability to repay it.

Machine Translated by Google

This will further increase the imbalance in economic export structures; overproduction will worsen and future processes of readjustments will be more painful. The result will be a loss-making one for all parties.

The specific deconstruction of the monetary and financial system of a country with virtuous and diversified cycles is an immense question and complex. This book focuses essentially on a single idea: injecting elements of gold and silver into diverse contexts.

Gold and silver already possess a natural credibility and acceptance unmatched for millennia. With a monetary system based on gold and silver, the path to becoming the world's reserve currency will be shortened. Let's embrace this idea and explore its intricacies!

If the Chinese government and its people proposed to buy 200 billion dollars worth of gold every year, counting an ounce at 650 dollars, China could buy 9,500 tons, which would be equivalent to buying in one year [more than] all of America's gold reserves [8,136 tons].
At the beginning of the battle, international bankers will desperately try to suppress the price of gold through derivative financial instruments.

Western central banks may jointly sell off their gold reserves, and the price of the precious metal will temporarily plummet. If the Chinese side analyzes its opponent's game wisely, the falling gold price will be a unique opportunity for China to increase its reserves...

It should be noted that in six thousand years, only 140,000 tons of gold have been extracted. In the reserve accounts of American and European central banks, there are a total of only 21,000 tons of gold. Taking into account the 1990s, when European central banks frantically leased their gold, they must have owned a total of well under 20,000 tons.

At the current [2008] price of $650 an ounce, that's $400 billion. China's trade surplus is so high that digesting $400 billion worth of gold would take two or three years. The central banks of Europe and the United States will empty all their ammunition in the near future.

If China eats gold with such appetite for five years in a row, the international gold price will eventually pierce the armour of the international bankers and the world will realise that the dollar-based monetary system, when it falls apart, was based on a currency that was actually very flimsy.

The issue is not whether China can or cannot undo the dollar system, but whether it wants to. The price of gold is a vital issue for the dollar. While China is unwilling to say it will absorb $200 billion worth of gold, it would still be enough for the US Treasury Secretary and the Fed Chairman to start developing hypertension.

The Taiwan issue, at the heart of tensions between China and the United States, will become a simple question: do Americans want Taiwan or do they want to keep the dollar? China cannot really "perish" financially with the United States. All the United States needs to do is offer reasonable terms so that, if necessary, it might help the dollar.

As China increases its public and private holdings of gold, it can begin monetary reform and gradually establish a system based on gold and silver. The gradual establishment of a new gold standard will make a significant contribution to the global economy.

The implementation of the new Chinese yuan must be carried out in several stages. The first is the issuance of high-grade securities, or Treasury bills, and silver-backed bonds, followed by calculating the bonds' principal and interest using gold and silver. For example, for five-year Treasury bills, the interest can be 1 to 2 *percent.* Since physical gold is used to calculate principal and interest, people will enthusiastically

purchase these financial products, which truly preserve wealth. The difference between the yields on Treasury bills and silver-backed bonds in the bond market and those on ordinary bonds demonstrates the need for market acceptance of gold and silver currencies. This important parameter will serve as a reference framework for the next phase of experiments.

The work of the second phase must focus on readjusting the reserve structure of the banking system. Regardless of whether the banks are foreign-owned or domestically-owned, their reserves must contain a fixed ratio of gold and silver, which will automatically reduce the proportion of debt securities in the reserves. The higher the proportion of gold and silver in the reserves, the higher the credit booster coefficient; the higher the proportion of debt securities, the lower the credit capacity.

The central bank must stop discounting banknotes, except those backed by gold and silver. Such a move will reinforce the importance of gold and silver in the monetary system, because without gold and silver, the ability to extend credit will be severely limited.
At the same time, the banking system will gradually expel debt securities from the money supply.

Banks will benefit from trading gold and silver with individuals and storing these precious metals on their behalf, thus creating a domestic market for circulating physical gold and silver. High-profit Chinese industries, such as real estate, banking, tobacco, telecommunications, and oil, will be required to include a certain percentage of gold and silver in their operating tax payments, helping to stimulate market demand for these two precious metals.

The third step will be to use gold and silver as collateral for the issuance of the "Chinese gold yuan" and banknotes. The Chinese gold yuan will be the unit of account for monetary weights and measures in China. Physical currency will be in the following forms: gold yuan and silver yuan for coins, each containing a certain amount of pure gold or silver; gold certificates and silver certificates denominated in yuan for banknotes.

The "Chinese gold yuan" will be used primarily for wholesale trade settlements, interbank transfers, or large cash payments. Within certain limits, gold certificates denominated in yuan may be converted into gold at the Ministry of Finance. The "Chinese silver yuan" may be used as fractions of gold currency and will be used primarily for small-value settlements.

As with gold certificates, silver certificates may be exchanged, within certain limits, at the Ministry of Finance.
against their physical silver value. The exchange rate between gold yuan and silver yuan will be adjusted by the central bank.

The principle, which many people believe, that "bad money" replaces "good money" in the money supply, depends on one important condition, namely government intervention, which forces the value of "good" and "bad" money. In a natural market, the situation is exactly reversed, "good money" drives out "bad" money, because no one in the market would accept "bad money."

When China circulates gold and silver yuan, the ever-indebted currency will become ordinary RMB. The government must specify that taxes must be settled with gold and silver yuan, and the market will be free to choose the price of gold and silver yuan.

Machine Translated by Google

silver or that of ordinary RMB. The financial market will determine the exchange rate between gold and silver and ordinary currencies based on supply and demand.

People will realize that the purchasing and credit power of ordinary currency issued by commercial banks, which originally contained debt, will gradually depreciate relative to gold and silver money. The exchange rate between the two currencies on the financial markets will be an illuminating indicator.

Ultimately, the issuance of gold and silver money must be controlled by the Ministry of Finance, not by the commercial banking system. The reason is very simple: the creation of wealth begins with humans and ends with humans. No private individual can usurp the issuance of money, much less monopolize it.

Although China's strong export momentum is gradually weakening due to the increasingly strong yuan, it is a key factor in the shrinking GDP. As China's gold- and silver-backed currency issuance increases, this currency will become the focus of attention in the global financial industry.

Since the yuan can be freely converted into gold and silver, it will become the world's strongest and most powerful, and naturally the reserve currency of choice in the post-dollar era.

Wealth has always flowed naturally to places that protect its value and allow for its appreciation. A true capacity wealth creation combined with a stable currency will make China the focal point of global wealth.

Machine Translated by Google

AFTERWORD
CHINA 'S FINANCIAL OPENING

Insufficient awareness of the ongoing currency war

On the issue of China's financial openness, most Chinese researchers and policy makers have not gone beyond the stage of tactical observation and therefore have a timely view of risks.

Many dangers are analyzed, such as the holding of Chinese shares by foreign-invested banks, the regulation of mixed financial institutions, the liberalization of interest rates, the fluctuation of the stock market, the depreciation of foreign exchange reserves, the real estate credit market, the liberalization of the capital account(327), the revaluation of the renminbi (or RMB, the official currency), the loss of control of the state bank, the financial derivatives market, the impact of the **Basel Accords(328),** etc.

All of this is certainly important, but in fact, the greatest danger can only be perceived on a clearly strategic scale of observation, because the process of China's financial opening is actually part of a veritable global "currency war." The lack of an overall vision, of synthetic awareness, and of preparation for this war is the greatest risk in China today. Believing that the opening of the financial sector is one issue among others without understanding that it is in fact a priority is extremely dangerous.

Money is a commodity. What distinguishes it from others is that it is a commodity needed by every industry, every organization, and every person in society. Controlling the issuance of money is the highest form of monopoly! In China, the issuance of money is originally controlled by the state; this is the only way to ensure the fundamental fairness of the social structure.

When foreign-owned banks enter China, Chinese currency issuance is in jeopardy. Most people probably think that Chinese currency consists of Chinese banknotes and that only the state can print them. How could foreign-owned banks print RMB? In fact, foreign banks can "create" Chinese currency without necessarily printing RMB.

They will introduce a large number of "innovative" and dazzling financial instruments, then create debt products and monetize them in various ways. This scriptural money has exactly the same purchasing power as physical currency. In this sense, foreign banks will participate in the monetary creation of the Chinese currency.

When the total RMB credit created by foreign banks exceeds that of state-owned commercial banks, they will then be able to reduce the Central Bank of China to a figurehead by controlling the issuance of Chinese currency! They will have the ability and the intention to maliciously fluctuate the money supply, and then seize the fortunes of the Chinese people through inflation, then deflation, following the same technique repeated in all economic crises throughout history.

As the power of foreign banks grows stronger and stronger, they will create a "mega alliance" of "super special interest groups" through transactions between money and power, money and money, money and reputation, and money and science. This is an unprecedented situation in China!

They will provide enormous credit to reward local governorships that align perfectly with them. They will primarily seek out and train a new generation of rising political stars seeking long-term political reward.
They will fund university research programs with a view to "encouraging and supporting" any results in their favor.

They will lavishly subsidize all sorts of social groups to influence the public agenda and thereby shape a powerful public opinion. They will generously maintain the functioning of the media so that society has a positive view of foreign banks and will use similar arguments to steer the editorial lines of publishing houses.

They will invest massively in the medical industry and systematically demonize traditional Chinese medicine. They will also gradually penetrate education, the legal system, and even the military. In a commercial society, no one is immune to money.

The power of foreign banks will control, through investment, traditional national monopoly sectors, such as telecommunications, oil, transportation, aerospace, armaments, etc. After all, there is no law stipulating that national monopoly sectors cannot apply for loans and be financed by foreign banks.

Once they become the largest provider of public sector funds, they will control China's capital vitals and can cut off the financing chain of these essential companies at any time, leading to a paralysis of Chinese industry.

Foreign banks are entering China with the aim of making money, but their method isn't necessarily conventional. The strategic risks encountered during financial opening are far from as simple as the financial industry itself; they span diverse aspects of Chinese society, and even seemingly marginal mistakes can lead to disastrous consequences.

It's regrettable that the financial industry isn't on the list of national sectors protected by the state, given the sector's hypersensitivity. Currently, China's national bankers are nowhere near the same level as the European and American banking magnates who have survived by imposing terror for over two hundred years! Coming into direct conflict with them would be a struggle between the earthenware pot and the iron pot. It doesn't take much imagination to predict the final outcome.

Machine Translated by Google

Given that the strategic risk of financial opening concerns the overall situation, it is regrettable that the separate supervisions of the China Banking Regulatory Commission (CBRC), the China Securities Regulatory Commission (CSRC) and the China Insurance Regulatory Commission (CIRC) cannot assume the heavy responsibility of comprehensive supervision of cross-sector and general strategic risk.

To address this, the Chinese State Council proposed the launch of a new mechanism as early as 2000. To this end, a financial coordination group was created in 2000, then updated in 2008, to address cross-sectoral issues, but both attempts yielded little impact.

In China, financial security is an area that needs strict supervision, even more so than strategic nuclear weapons.
The complete and light opening of the markets without first establishing a powerful monitoring mechanism would be an open road to disorder.(329)

Monetary sovereignty or monetary stability?

Monetary sovereignty is one of the inalienable fundamental rights of all independent countries. It allows them to establish a monetary issuance policy in accordance with their overall situation and their own needs. Monetary sovereignty must be above all external factors, including international customs, international agreements, and political pressures.

Monetary sovereignty should serve only the fundamental interests of the people. Maintaining monetary stability means "the stability of the national currency in the international monetary system" in order to provide a favorable environment for the economic development of national industry.

The current difficulty in China lies in the limited choice between sovereignty and monetary stability. If China wants to maintain its sovereignty over the RMB, it must face the consequences of revaluation. On the other hand, if it maintains the essential stability of the RMB exchange rate with the US dollar, it loses all monetary sovereignty.

China's current policy is to maintain monetary stability between these two currencies, effectively renouncing its monetary sovereignty for its economic development goals. The big problem is that the U.S. Federal Reserve largely dominates China's money supply. As China adopts the bond settlement system, the U.S. is forcing the Chinese central bank to issue additional base money through the growing trade deficit.

And by expanding commercial banks, this base currency will produce many times the effect of additional monetary issuance, which will cause a flood of liquidity, increase the stock market and real estate bubble, and greatly worsen the environment for Chinese finance.

In order to cover such a monetary issuance, the government and the Central Bank will be forced to issue government bonds and Central Bank certificates to absorb excess liquidity, but this will increase the government's debt burden and these debts will sooner or later have to be repaid with interest.

The passivity of its financial strategy is extremely unfavorable to China. As long as the dollar remains the world's reserve currency, China will not be able to overcome this situation. To create a free, fair, and harmonious financial environment worldwide, it is ultimately necessary to promote the remonetization of gold.

With the upheaval in the international foreign exchange market, the economic costs for all countries are extremely painful. While it is impossible to achieve this goal all at once, we must still vigorously promote the diversification of the international reserve currency and implement the divide-and-conquer strategy.

The "endocrine disorders" of monetary revaluation and the financial system

If one were looking for a negative example of a significant currency revaluation, Japan is undoubtedly the most suitable candidate. The long-term economic slump in the Japanese economy is certainly due to domestic factors, but the complete lack of psychological preparation for the financial war suddenly launched by the United States is actually the key factor.

In 1941, Japan launched a surprise attack on Pearl Harbor. In 1990, the United States launched its "financial blitzkrieg" against Japan. In *The Financial Defeat,* JiChuan Yuan Chung laments that, in terms of wealth loss, Japan's economic meltdown of 1990 was almost as severe as that of 1945.

Like China, Japan is a prime example of creating material wealth through honest work and skepticism toward the concept of illusory financial wealth. Japan's logic is very simple: its own mid- and high-end goods are cheap and of good quality, and triumph over the competition.

Moreover, the Japanese banking sector was for a long time the world's largest creditor and held the largest foreign exchange reserves. From 1985 to 1990, Japan's domestic economy and exports experienced unprecedented growth. The stock market and real estate boom over the years, the massive purchase of foreign goods, and Japan's confidence similarly reached unprecedented levels.

This country seemed to be only a decade away from overtaking the United States. In total ignorance of the financial war that was taking place, the optimism of the time is reminiscent of that of China today, even though its resources are still far behind those of the Japanese archipelago.(330)

Forgetting that we are at war is dangerous. The war has as profound a meaning for the Japan of yesterday as it does for China today. In 1985, when the Plaza Accords were signed, the exchange rate was one dollar to 250 yen. But three months later, the dollar was abruptly devalued by 20 %, to 200 yen, until 1987, when one dollar was worth only 120 yen. The yen was revalued twice in three years—the most significant change in the Japanese financial industry.

The results showed that such an "ecological" change was sufficient to lead to the "extinction of the dinosaurs."

American financial doctors have long understood that forcing the yen to appreciate sharply against the dollar in a very short period of time is as effective as forcing Japan to swallow large doses of hormones. The result is serious "endocrine disruption of the financial system."

Machine Translated by Google

Efficiency was further increased by forcing Japan to maintain very low interest rates, at 2.5 %, for more than two years. In the 1980s, as expected, stimulated by absorbed hormones and induced endocrine disruption, the fatty tissue of the Japanese economy, its stock market and real estate, proliferated; on the other hand, the muscular tissue, the material production and export sector, seriously declined.

Then, as expected, economic symptoms such as high blood lipids, high blood sugar, and high blood pressure, leading to heart and coronary disease in the financial system, appeared. To make these complications more easily aroused, in 1987, the international bankers at the BIS invented a new, specific drug to combat Japan: the Basel Accords, which required banks engaging in international trade to hold more than 8% equity.

The United States and Great Britain first signed these agreements, before forcing Japan and other countries to respect them, otherwise they would be unable to do business with American and British banks, which held dominant positions in international finance. Japanese banks had a real problem of low capital and could only meet the set standards by relying on off-balance sheet capital generated by their high share prices.

Japan's banking system, which relies heavily on stock prices and the real estate market, finally exposed its flank to the sharp swords of the American financial war. On January 12, 1990, Wall Street used a new financial "nuclear weapon"—the *Nikkei put warrants,* a futures instrument for speculating on the decline of the Japanese stock index—to launch a strategic long-range attack on the Tokyo Stock Exchange.

The Japanese financial system, already suffering from heart and coronary disease, could not withstand such excitement and suffered a stroke, which would cause a hemiplegia of more than 17 years in the Japanese economy.

Today, almost the same prescription has been offered to China by American financial therapists, a little too eager to attend to the Chinese "imaginary invalid." The difference is that the physical constitution of the Chinese economy is still far inferior to that of Japan at that time.

And after swallowing this drug, one might fear that the result will not be as simple as hemiplegia. Japan, which has been bedridden for a long time, is even more eager than American doctors to observe the effectiveness of this remedy on China, whose current symptoms are very similar to those of Japan between 1985 and 1990.

Hit back

"International usage" is a fashionable term. The world will be at peace if "international usage" is observed, and financial openness will be as beautiful as pastoral songs. This grand, naive idea risks causing serious harm to the Chinese people.
"International usage" is entirely controlled by international bankers who already occupy a monopoly position.

They will most likely create a tailor-made "international practice" to completely stifle the existence and development of Chinese banks. This method, developed by Anglo-Saxon banks, already in a dominant position in the financial industry, is in fact the ultimate weapon to kill their competitors.

The first Basel Accords, which had annihilated the growth of the Japanese financial industry, changed their face and became the "New Basel Accords" (or Basel II) in 2004. They can be used against the Chinese banking system to obstruct it and prevent the development of its financial industry abroad.

Some developed countries believe that branches of foreign banks located in their countries must fully comply with Basel II requirements if they want to continue operating. Moreover, the countries where their banks are located must also meet the requirements of this agreement, to avoid possible "supervisory gaps."

Such a provision will undoubtedly increase the operating costs of foreign bank branches. For China's newly opened financial industry, this is akin to pulling the logs out from under the cauldron. In other words, Chinese banks that have not yet implemented the new Basel Accords may see their branches in Europe or the United States restructured or closed. The financial network China has painstakingly built is at risk of being caught in a dragnet.

The Western banking sector, the inventor of the rules of the game at the international level, has a huge advantage and will easily block the path of external development of the Chinese financial industry, while meanwhile the Chinese national banks themselves must comply with the "international customs" that stifle them.

No rule of the game in the world is more unfair than this. Facing an opponent who controls all the parameters of the competition allows one to know the outcome of the game infallibly.

Failing to respond to courtesy is discourteous. China's strategy will be to conduct operations outside the lines, based on reciprocal openness. If host countries block Chinese bank branches on their territories using this or that "international custom," China will do the same and institute Chinese-style banking industry rules to limit or even stop their banking activities in China. The example of the banking sector in England and the United States proves that the creation of an international banking network is essential.

But it is better for China to operate outside the constraints set by the enemy rather than adapt to them on its own territory, in order to buy up European and American banks there or expand its branches, and then establish its own financial network around the world.

It is better to learn war in war. If the process of Chinese banks' expansion and acquisition abroad is blocked, China may well resolve the problems of foreign banks' operations in China according to a protectionist principle of reciprocity: closure.(331)

Store gold instead of foreign currency

Faced with the long-term devaluation of the dollar, many experts have suggested that people invest in foreign currencies to spread the risk of losing foreign exchange reserves. If China abandons the trade settlement system and companies control

Machine Translated by Google

directly foreign currency, this will inevitably weaken the state's ability to control the flow of foreign currency.

This will therefore increase the overall risk of the financial system, although it may help spread the risk of foreign currency devaluation for China and reduce the pressure for a revaluation of the RMB and an increase in the money supply. This is by no means a foolproof policy. Therefore, it is better for people to hoard gold rather than foreign currency.

The only way to preserve the purchasing power of the vast wealth China has created is to transform foreign currency reserves into gold and silver reserves. The fluctuation in the international price of gold is merely a pretense. Even if the foreign exchange market were to experience significant volatility, China could live comfortably relying on its thousands of tons of gold.

Fundamentally, gold secures the people's capital. Inflation cannot erode its real purchasing power. Gold is the indispensable cornerstone of economic freedom for building a harmonious and equitable society. After all, it is the people who created wealth, and they have the right to choose how to store it. For over 5,000 years, gold has been recognized as the ultimate form of wealth by various civilizations and ethnic groups, from different regions and eras, and under different political regimes.

In the future, it will surely assume a major historical task in the fundamental system of weights and measures of society's economic activities. In world history, there have been four attempts to abolish gold's status as the cornerstone of the monetary system, in order to "invent" a more intelligent monetary system. The previous three attempts failed, and the fourth will fail as well.

The greedy nature of human beings dooms any attempt at objectively calibrating economic activities to failure. By reserving gold for the people to ward off any changes in the world, the Chinese yuan will stand up remarkably well on the international financial ruins caused by debt and excessive greed, and Chinese civilization will then experience its moment of glory.

Machine Translated by Google

BIBLIOGRAPHY

Abraham, Larry, *The Greening* (Second Opinion Pub., Inc., 1993).

Adams, Silas W., *The Legalized Crime of Banking* (Meador Publishing Company, Boston, 1958).

Ahlstrom, Sydney E., *A Religious History of the American People* (Yale University Press, 1972).

Balia, Ignatius, *The Romance of the Rothschilds* (Everleigh Nash, London, 1913).

Carr, William Guy, *Pawns on the Chessboard* (Editions Saint-Rémi, 2002).

Chernow, Ron, *The House of Morgan* (Groove Press, 1990).

Dali, Col. Curtis, *FDR My Exploited Father-in-Law* (Liberty Lobby, 1970).

Davis, Glyn, *History of Money From Ancient Times to The Present Day* (University of Wales Press, 2002).

Des Griffin, *Descent into Slavery* (Emissary Publications, 1980).

Disraeli, Benjamin, *Coningsby or the New Generation* (Bibliophile Club of France, Paris, 1957).

Druck, David, *Baron Edmond de Rothschild* (private ed., New York, 1850).

Engdahl, William, *Oil, a Century-Long War: The Anglo-American World Order* (Éditions Jean-Cyrille Godefroy, 2007).

Farrar, David, *The Warburgs* (Michael Joseph Ltd., London, 1974).

Fisher, Irving, *100% Money* (Pickering & Chatto Ltd., Set Only edition, Forward, 1996).

Flynn, Ted, *Hope of the Wicked* (MaxKol Communication, Inc., 2000).

Forrester, Izola, *This One Mad Act* (Hale, Cushman & Flint, Boston, 1937).

Galbraith, John Kenneth, *Money: Whence It Came, Where It Went* (Houghton Mifflin; 1975).

Golan, Matti, *The Secret Conversations of Henry Kissinger: Step-by-Step Diplomacy in the Middle East* (Bantam Books, New York, 1976).

Greenspan, Alan, "Gold and Economic Freedom," 1966.

Griffin, G. Edward, *The Creature from Jekyll Island* (American Media, Westlake Village, CA, 2002).

Hamilton, Adam, *The JPM Derivatives Monster* (Zeal Research, 2001).

Hamilton, Allan, *The Intimate Life of Alexander Hamilton* (Charles Scribner's Sons, 1910).

Higham, Charles, *Trading With the Enemy* (Robert Hale, London, 1983).

Hill, Jean, JFK: *The Last Dissenting Witness* (Pelican Publishing Company, 1992).

Holden, J. Milnes, *The History of Negotiable Instruments in English Law* (The Athlone Press, London, 1955).

Holt, Michael F., *The Rise and Fall of the American Whig Party: Jacksonian Politics and the Onset of the Civil War* (1999).

Hoppe, Donald, *How to Invest in Gold Stocks* (Arlington House, New York, 1972).

Hull, Cordell, *Memoirs* (MacMillan, New York, 1948).

Jefferson, Thomas, *The Writings of Thomas Jefferson* (GP Putnam & Sons, New York, 1899).

Jefferson, Thomas, *The Basic Writings of Thomas Jefferson* (Willey Book Company, 1944).

Jefferson, Thomas, "Letter to James Monroe," 1 January 1, 1815 (Library of Congress).

Ji Chuan Yuan Zhong, *Financial Defeat.*

Johnson, Brian, *The Politics of Money* (McGraw Hill, New York, 1970).

Keynes, John Maynard, *The Economic Consequences of the Peace,* (New French Review, Paris, 1920).

Kissinger, Henry, *Diplomacy* (Fayard, 1996).

Kiyosaki, Robert, *Rich Dad Poor Dad* (A Different World, 2001).

Leech, Garry, *Capitalism: A Structural Genocide* (Le Retour aux Sources, Aube, 2012).

Lewin, Leonard C., *Report from Iron Mountain – On the Possibility and Desirability of Peace* (Dial Press, 1967).

Lincoln, Abraham, "Letter to William Elkins," November 21, 1864.

Lips, Ferdinand, *Gold Wars, The Battle Against Sound Money as Seen From a Swiss Perspective* (The Foundation for the Advancement of Monetary Education, New York, 2002)

Lord Rothschild, *Shadow of a Great Man* (London, 1982).

Lundberg, Ferdinand, *America's 60 families* (Halcyon House, 1939).

McFadden, Louis T., *Address to the House of Representatives,* June 10, 1932, Congressional Archives.

Machine Translated by Google

Makin, John H., *The Global Debt Crisis: America's Growing Involvement* (Basic Books, New York, 1984).

Millman, Gregory, *Vigilante Economics: How Wall Street Shattered Tokyo and London gave Frankfurt Woe* (The Alicia Patterson Foundation, 1992).

Moody, John, *The Seven Men* (McClure's Magazine, August 1911)

Morton, Frederic, *The Rothschilds – Portrait of a Dynasty* (Fawcett Books, 1961).

Mullins, Eustace, *The Secrets of the Federal Reserve* (Le Retour aux Sources, Aube, 2010).

Mullins, Eustace, *The World Order – A Study in the Hegemony of Parasitism* (Ezra Pound Institute, Staunton-Virginia, 1985).

Palast, Greg, *The Best Democracy Money Can Buy* (Robinson, London, 2003)

Palmer, Marjorie, 1918-1923: *German Hyperinflation* (Traders Press, New York, 1967).

Perkins, John, *Confessions of a Financial Assassin* (AlTERRE, 2005).

Quigley, Carroll, *Tragedy & Hope* (MacMillan, 1966).

Rivera, David Allen, *Final Warning: A History of the New World Order* (2004).

Roberts, Craig, *JFK: The Dead Witnesses* (Consolidated Press International, 1994).

Roosevelt, Franklin Delano, *FDR: His Personal Letters* (Duell, Sloan & Peace, New York, 1950).

Rothbard, Murray N., *Keynes, the Man* (Ludwig von Mises Institute, 2010).

Rothbard, Murray N., *The Case Against the Fed* (Ludwig von Mises Institute, 1994).

Rueff, Jacques, *The Inflationary Impact the Gold Exchange Standard Superimposed on the Bretton Woods System* (Committee for Monetary Research and Education, Greenwich, CT, 1975).

Samuelson, Paul E., *Economics* (McGraw-Hill, New York, 1973).

Schellenberg, Walter, *The Schellenberg Memoirs* (Andre Deutsch, London, 1956).

Schlesinger, Arthur, Jr., *The Age of Jackson* (Mentor Books, New York, 1945).

Seymour, Charles, *Intimate Papers of Colonel House* (Houghton Mifflin, 1926)

Shakespeare, William, *The Merchant of Venice.*

Smith, Adam, *The Wealth of Nations* (1776).

Smoot, Dan, *The Invisible Government* (Dan Smoot Report, 1962).

Soros, George, *Underwriting Democracy* (Public Affairs, New York, 1991).

Soros, George, *The Alchemy of Finance* (Valor Editions, Paris, 1998).

Sun-Tzu, *The Art of War.*

Sutton, Antony C., *The Federal Reserve Conspiracy* (Tab Books, 1995).

Sutton, Antony C., *Wall Street and FDR* (Arlington House Publishers, 1975).

Sutton, Antony C., *Wall Street and the Rise of Hitler* (Le Retour aux Sources, Aube, 2012).

Viereck, George Sylvester, *The Strangest Friendship in History* (1932)

Warburg, Paul M., *Defects and needs of our banking system* (1907).

Warburg, Max, *Memoirs of Max Warburg* (Berlin, 1936).

Ward, Phyllis, & **Schlafly, Chester,** *Kissinger on the Couch* (Arlington House, 1975).

Welker, Ernest P., *WHY GOLD?, Economic Education Bulletin* (American Institute for Economic Research, Great Barrington, MA, 1981).

Welles, Gideon, *The Diary of Gideon Welles* (Houghton Mifflin, Boston, 1911)

Wiegand GC, *Inflation and Monetary Crisis* (Public Affairs Press, Washington, 1975).

Wilson, R **McNair,** *Monarchy or Money Power* (Eyre & Spottiswoode Ltd., London, 1933).

Wilson, Woodrow, *The New Freedom: A Call For the Emancipation of the Generous Energies of a People* (New York and Garden City Doubleday, Page & Company, 1913).

Machine Translated by Google

OTHER DOCUMENTATIONS AND PUBLICATIONS:

Anderson, Jenny, “Wall Street Pursues Profit in Bundles of Life Insurance,” *New York Times,* September 5, 2009.

Federal Reserve Bank of Chicago, *Modern Money Mechanics. Baruch's Testimony before the Nye Committee,* September 13 1937. *BBC News,* April 15, 2004.

Benner, Katie, & **Lashinsky, Adam,** “Subprime Contagion?” in *Fortune,* July 5, 2007, p. 152.

Bin Mohamad, Mahathir, *The Finance Ministers of Asean and Asean Plus Six And The Conference On Financial Initiatives For The 21st Century,* Putra World Trade Center, Kuala Lumpur, 1 December 1, 1997. *Chicago Tribune,* December 9, 1950.

Clinton, Bill, "Acceptance Address at the Democratic National Convention by Governor Bill Clinton of Arkansas," New York – NY, July 16, 1992.

D'Aymery, Gilles, “The Circle of Deception: Mapping the Human Rights Crowd in the Balkans,” July 23, 2001.

US Department of State, *Foreign Relations of the United States, 1964-1968, Vol VIII* (Government Printing Office, Washington, 1998).

US Department of the Treasury, *OCC's Quarterly Report on Bank Derivatives Activities,* Second Quarter 2006.

Interview with George Hunt: "Beware of Bankers Bringing Gifts" (Fourth *World Wilderness Congress Conference).*

Escobar, Pepe, *Bilderberg strikes again,* Asia Times Online, May 10, 2005.

Federal Reserve Board, *Financial Flows,* July 6, 2007. *Federal Reserve Bulletin,* April 1963. *Financial Times, “ Going,* Going, gold,” 16 April 2004.

Fisher, Marc, *Washington Post,* January 27, 1998. *Freemarket Gold & Money Report,* “Thinking The Unthinkable,” April 25, 1994.

Greenspan, Alan, Parliamentary hearings of July 24, 1998.

Greenspan, Alan, *Understanding household debt obligations,* At the Credit Union National Association, Governmental Affairs Conference, Washington, DC, February 23, 2004.

Greenspan, Alan. Joint Economic Committee of the United States Congress, June 9, 2005.

Hedge, David D., *The Weekly Money Report.* Chicago, Kemper Financial Services, January 29, 1990. *Hearst Magazine,* November 1923. *Jewish History in Civil War* (Jewish-American History Documentation Foundation, Inc., 2006).

Kiyosaki, Robert, “ Bet *on Gold, Not on Funny Money,” in Yahoo Finance Experts Column,* July 24, 2006.

Kiyosaki, Robert, *“A Taste for Debt,” in Yahoo Finance Experts Column,* October 27, 2006.

Lindbergh, Charles, "Address to Congress," December 23, 1913.

Linden, Eugene, “How to Kill a Tiger,” in *Time Magazine Asia,* November 3, 1997.

McLandress, Herschel, *News of War and Peace You're Not Ready For, Book World, Washington Post,* November 26, 1967. *National Economy and the Banking System:* Senate Documents, Co. 3, No. 23, 66th Congress , 1 re session, 1939. *Newsweek,* May 30, 1936. *New York Times,* April 20, 1929.

OFHEO, *Fannie Mae, Freddie Mac and the need for GSE reform, now.*

Palast, Greg, "IMF and World Bank meet in Washington – Greg Palast: report on *BBC Television's Newsnight* ", 27 April 2001. *Quarterly Journal of Economics,* April 1887.

Palyi, Melchior, “A Point of View ,” *in The Chicago Commercial And Financial Chronicle,* July 24, 1969.

Poole, William, *GSE Risks,* Federal Reserve Bank of St. Louis Report, March/April 2005, 87 (2, Part 1).

Sickler, Melvin, “Abraham Lincoln and John F. Kennedy. Two great presidents of the United States assassinated for the cause of justice”, in *Michael* (2003). *Stanford Journal of East Asian Affairs,* Volume 3, No. 1, Spring 2003.

Stiglitz, Joseph, “The Insider – What I Learned at the World Economic Crisis,” in *The New Republic,* April 17, 2000. *Testimony before United States Senate, Committee on Military Affairs,* 1946.

Tett, Gillian, “Pension Funds left Vulnerable after Unlikely Bet on CDOs,” in *Financial Times,* July 6, 2007. *The Commercial and Financial Chronicle,* May 6, 1948.

Volcker, Paul, Speech at a Commemoration of Fred Hirsch at the University of Warwick, Coventry, England, 9 November 1978.

Worsthome, Peregrine, “The Good German”, *Daily Telegraph,* July 22, 1990.

Machine Translated by Google

1 See The Collapse of Complex Societies, by Joseph Tainter (Le Retour aux Sources, Aube, 2013).
2 Reuters, December 8, 2006.
3 The renminbi (RMB), literally "the people's currency", another name for the "yuan", is the national currency of China, with the exception of Hong Kong and Macau [nde].
4 As of April 2013, China's foreign exchange reserves stood at $3.44 trillion.
5 G. Edward Griffin, The Creature from Jekyll Island (American Media, Westlake Village, CA, 2002) p. 218.
6 Figure from 2013 (Bloomberg) [nde].
7 Frédéric Morton, born in 1924, is an Austrian Jewish writer who emigrated to the United States in 1940. He notably published, in 1962, The Rothschilds – Portrait of a Dynasty [nde].
8 That is an economic power of 36,000 billion dollars in 2013 [nde].
9 Des Griffin, Descent into Slavery (Emissary Publications, 1980), chapters.
10 Frédéric Morton, op. cit., p. 94.
11 These British Treasury bonds are known as consols, perpetual annuity securities on the British Crown, issued in 1751 at 3% by the Bank of England. This rate may seem low, but the interest was paid promptly, twice a year, and the consols were a symbol of confidence in the nascent financial capitalism across the Channel.

12 Eustace Mullins, The Secrets of the Federal Reserve (Le Retour aux Sources, Aube, 2010), chapter 5.
13 Des Griffin, op. cit., chapter 5.
14 Ignatius Balia, The Romance of the Rothschilds (Everleigh Nash, London, 1913).
15 Eustace Mullins, op. cit., pp. 129-130.
16 Glyn Davis, History of Money From Ancient Times to The Present Day (University of Wales Press, 2002), pp. 257-258. [Metallic money: money whose value is defined by in relation to one or more metals. These are generally gold and silver. Each coin minted thus contains a strong intrinsic value: the value of its metal, close to or equal to its face value – nde]

17 Eustace Mullins, op. cit., chapter 5.
18 Ibid.
19 Glyn Davis, op. cit., p. 239.
20 UK National Statistics. [By 2012, with the 2007 financial crisis, UK public debt had tripled again, to over £1.5 trillion, or 90% of GDP (source: Eurostat) – nde]
21 Des Griffin, op. cit., chapter 5.
22 Ibid.
23 Frédéric Morton, op. cit., p. 40.
24 Ibid., p. 31.
25 Des Griffin, op. cit., chapter 5.
26 Benjamin Disraeli, Coningsby (Club Bibliophile de France, Paris, 1957), volume 1, p. 255. [At the time, in 1844, Benjamin Disraeli was a literary figure and aspired to enter politics. He would twice become British Prime Minister (in 1868 and 1874) and a leading politician in 19th- century Europe. Long before his rise to power, Benjamin Disraeli published a series of political novels, including Coningsby or the New Generation, which were based on British politics of the time and the young radical movement in England. In this book, a character, Sidonia, represents Lionel de Rothschild (Nathan's son). Sidonia reveals to the politician Coningsby how invisible forces, above all the Jewish "Sidonias," were shaping European affairs and secret revolutionary movements. The "lord and master of the global financial market" is of course Sidonia, that is, Lionel de Rothschild – ed.]

27 G. Edward Griffin, op. cit., p. 224.
28 Frédéric Morton, op. cit., p. 45.
29 *R* McNair Wilson, Monarchy or Money Power (Eyre & Spottiswoode Ltd., London, 1933), p. 68.
30 Des Grijfin, op. cit., chapter 5.
31 David Druck, Baron Edmond de Rothschild (private edition, New York, 1850).
32 Frédéric Morton, op. cit., pp. 38-39.
33 Or Clement Wenceslas de Mettemick [nde].
34 The true instigator of the Holy Alliance was in fact Emperor Alexander I. Formed on September 26, 1815, the Holy Alliance was initially concluded between the Empire Russia, the Austrian Empire and the Kingdom of Prussia, and aimed to maintain peace. Joined in 1818 by Louis XVIII's France, it theoretically united the signatory countries within the framework of a peaceful Christian union. But under the leadership of Metternich (in 1820 and 1821), it became a counter-revolutionary alliance, repressing insurrections and national aspirations contrary to the Vienna order [nde].
35 Friedrich von Gentz (1764-1832) was a German writer and politician. A philosopher and disciple of Kant, he was also a publicist and diplomat, notably with Metternich. A passionate and committed writer, he wrote fundamental works on political economy and was, above all, one of the main actors in the counter-revolutionary movement and probably the most active European opponent of Napoleon.
36 Des Grijfin, op. cit., chapter 5.
37 Lord Rothschild, Shadow of a Great Man (London, 1982), p. 6.
38 Des Grijfin, op. cit., chapter 5.
39 In comparison, global GDP is estimated at $71,830 billion for the year 2012.
40 Ted Flynn, Hope of the Wicked (MaxKol Communication, Inc., 2000), p. 3.
41 Abraham Lincoln, “Letter to William Elkins,” November 21, 1864 (just after the passage of the National Bank Act of June 3, 1864, six days before his assassination).
42 G. Edward Griffin, op. cit., p. 393
43 Izola Forrester, This One Mad Act (Hale, Cushman & Flint, Boston, 1937), p. 359 44
Glyn Davis, op. cit., p. 458.
45 Ibid., p. 459.
46 Adam Smith, The Wealth of Nations (1776), Book IV, Chapter 1.
47 Congressman Charles G. Binderup, “How Benjamin Franklin Made New England Prosperous,” 1941, radio address, later published in Unrobing the Ghosts of Wall Street.
48 Ibid.
49 Ibid. [This widely quoted statement on the causes of the Revolutionary War has sometimes been cited as coming from Benjamin Franklin's autobiography. However, it does not appear in any edition. In fact, part of this statement is said to be derived from statements he made during his interrogation by the British Parliament in February 1776. Asked why the British Parliament had lost respect among the colonists, he replied: "For a combination of reasons: the restrictions lately placed upon their trade, preventing the bringing of gold and silver into the Colonies; the prohibition of their issuing their own paper money, and then the exacting of new and heavy taxes; at the same time suppressing trials by jury and refusing to receive and hear their humble petitions."
50 In 1787, when the Continental Congress met to adopt the amendments to the Articles of Confederation, which would become the Constitution, Jefferson expounded on the central banking system. [Jefferson did not attend the 1787 Constitutional Convention—he was in France. This quote has not been found anywhere in Thomas Jefferson's writings. It has been identified as being invented. Furthermore, the words "inflation" and "deflation" were not in use in Jefferson's time—ed.]
51 Letter to Secretary of the Treasury Albert Gallatin (1802). [This quote, repeated repeatedly in many books and websites, is partly invented. The first part of this quote is actually a paraphrase of a statement Thomas Jefferson made in a letter to John Taylor in 1816: “I sincerely believe, as you do, that banking institutions are more dangerous than trained armies; and that the principle of spending money to be repaid by future generations, in the name of consolidating debt, is but a swindle on a large scale against the future.” Moreover, in this letter, Jefferson tells Taylor: “The banking system we have both equally condemned. I consider it a blot left on all our constitutions, which, if not effaced, will end in their destruction, which is already affected by gamblers [speculators] in corruption, and which eliminates in its progress the destiny and morals of our fellow citizens.” The second part of the letter would rather refer to the one written by Jefferson to William Branch Giles in 1825: "...their younger recruits, totally destitute of the sentiments or principles of 76 [the principles of the Constitution], who have acquired very great power, now aim at a single and formidable government, consisting of an aristocracy based on banking institutions and wealthy enterprises, under the cover and veil of their favorite manufacturing, commercial, and naval divisions, ruling over the plundered cultivator and the ruined landowner." Finally, the last part of this letter actually seems to come from a comment Jefferson addressed to John Wayles Eppes, "The banking bills must be abolished and the circulating [monetary] medium restored to the nation to which it belongs" (Jefferson to Eppes, September 11, 1813).

52 Allan Hamilton, The Intimate Life of Alexander Hamilton (Charles Scribner's Sons, 1910).
53 Quoted in Arthur Schlesinger, Jr., The Age of Jackson (Mentor Books, New York, 1945), pp. 6-7.
54 Written on April 30, 1781, to his mentor, Robert Morris. Quoted in John H. Makin, The Global Debt Crisis: America's Growing Involvement (Basic Books, New York, 1984), p. 246.
55 The Writings of Thomas Jefferson (GP Putnam & Sons, New York, 1899), vol. X, p. 31.
56 The Basic Writings of Thomas Jefferson (Willey Book Company, 1944), p. 749.
57 Glyn Davies, op. cit., p. 474.
58 Ibid., p. 475.
59 Thomas Jefferson, “Letter to John Taylor, of Carolina,” November 26, 1798; reprinted in The Writings of Thomas Jefferson, Lipscomb and Bergh, vol. X.
60 Glyn Davies, op. cit., pp. 475-476.
61 Thomas Jefferson, “Letter to James Monroe,” January 1 , 1815 (Library of Congress).
62 Glyn Davies, op. cit., p. 476.
63 Ibid., p. 479.
64 G. Edward Griffin, op. cit.
65 Inaugural Address of President William Henry Harrison on March 4, 1841.
66 Michael F. Holt, The Rise and Fall of the American Whig Party: Jacksonian Politics and the Onset of the Civil War (1999), p. 272.
67 Glyn Davies, op. cit., p. 484.

Machine Translated by Google

68 Ibid., p. 486.
69 Sydney E. Ahlstrom, A Religious History of the American People (Yale University Press, 1972), p. 649.
70 Jewish History in Civil War (Jewish-American History Documentation Foundation, Inc., 2006).
71 Glyn Davies, op. cit., p. 489.
72 Quote attributed to the London Times (1865), cited by F. William Engdhal, op. cit. Research in the archives of the London Times, however, has not enabled us to lay our hands on the original article [nde].
73 Des Griffin, op. cit.
74 The Diary of Gideon Welles (Houghton Mifflin, Boston, 1911), September 25, 1863, vol. I, p. 443.
75 Melvin Sickler, "Abraham Lincoln and John F. Kennedy. Two great presidents of the United States assassinated for the cause of justice", in Michael (2003).
76 John Kenneth Galbraith, Money: Whence It Came, Where It Went (Houghton Mifflin; 1975), p. 90.
77 It is officially, in 2013, nearly 17,000 billion dollars [nde].
78 *Extract from a circular issued by "the Associated Bankers " of New York, Philadelphia and Boston, signed by James Buel, secretary, sent from 247 Broadway in New York in 1877 to all the bankers in the United States.*
79 It was Eustace Mullins who first conducted a thorough and in-depth investigation of the Federal Reserve and its ramifications. This chapter is largely based on his book The secrets of the Federal Reserve (Le Retour aux Sources, Aube, 2010) and summarizes its main points [nde].
80 Contrary to what is generally claimed, that Woodrow Wilson would have pronounced these words in the form of regret, after having signed the Federal Reserve Act, these sentences are excerpts from the speeches and campaign promises he made in 1912. They were published in The New Freedom: A Call For the Emancipation of the Generous Energies of a People (New York and Garden City Doubleday, Page & Company, 1913). It is interesting to note that Woodrow Wilson did, during his term of office, the exact opposite of what he announced and promised in his election campaign, [nde]
81 Quoted in National Economy and the Banking System: Senate Documents Co. 3, No. 23, 66th Congress, 1st Session, 1939.
82 John Moody, The Seven Men (McClure's Magazine, August 1911), p. 418.
83 The true initiators of the Round Table Group, created in 1891, were Cecil Rhodes, William T. Stead and Lord Esher. This secret society initially carried out, for about ten years years, the name "Cecil Rhodes Secret Society." Later, Lord Milner took control of this organization and renamed it "Milner's Kindergarten" and "Round Table Group." See Caroll Quigley, The Anglo-American Establishment (soon available from Le Retour aux Sources).
84 William Guy Carr, Pawns on the Chessboard (Éditions Saint-Rémi, 2002).
85 Robert Gates Sr., The Conspiracy That Will Not Die: How the Rothschild Cabal Is Driving America Into One World Government, (Red Anvil Press, Oakland, 2011), p. 41 86 Eustace Mullins, op. cit., chapter 3.
87 Paul M. Warburg, Defects and needs of our banking system, 1907.
88 Process which consists of going into debt to buy shares on the stock market (nde).
89 Ron Chernow, The House of Morgan (Groove Press, 1990), p. 128.
90 A fiat currency is a currency whose value is based solely on the trust placed in it by economic agents. Thus, the value of a coin has no connection with the value of the metal it is made of. Similarly, the value of a banknote does not correspond to a physical metal counterpart that a bank would guarantee. The Euro and the Dollar are thus fiat currencies, like the majority of currencies in the world today (source: investopedia). [nde]
91 Antony C. Sutton, The Federal Reserve Conspiracy (Tab Books, 1995), p. 78.
92 Ibid., p. 83.
93 Eustace Mullins, op. cit., chapter 3.
94 Congressman Charles Lindberg Sr., "Address to Congress," December 23, 1913.
95 United States House Committee on Financial Services.
96 Eustace Mullins, op. cit., p. 178.
97 Which were controlled at the time by the Rothschilds [nde]
98 Ferdinand Lundberg, America's 60 families (Halcyon House, 1939).
99 Eustace Mullins, op. cit., chapter 3.
100 Former New York City Mayor John Hylan, in a speech in Chicago quoted on March 26, 1922, by The New York Times [in an article titled "Hylan Takes Stand on National Issues" (Hylan takes a stand on national issues). It should also be noted that this article is not (any longer?) available in the New York Times archives – nde].
101 Henry Kissinger, Diplomacy (Fayard, 1996), p. 183.
102 Quarterly Journal of Economics, April 1887.
103 Quoted in Diplomacy, by Henry Kissinger, op. cit., p. 189.
104 Ron Chernow, op. cit., p. 198.
105 Ibid., p. 200.
106 Glyn Davies, op. cit., chapter 9.
107 Open market is an English term that designates the market on which government bonds and other treasury bills are traded [nde].
108 Glyn Davies, op.cit., p. 506.
109 Henry Kissinger, op. cit., p. 738.
110 Eustace Mullins, op. cit., chapter 8.
111 Cordell Hull, Memoirs (Macmillan, New York, 1948), vol. 1, p. 76. 112 https://www.youtube.com/watch?v=X1fqqqxnuWg 113 Ron Chernow, op. cit., chapter 10.
114 Eustace Mullins, op. cit., chapter 8.
115 *Max Warburg, Memoirs of Max Warburg (Berlin, 1936).*
116 David Farrar, The Warburgs (Michael Joseph Ltd., London, 1974).
117 Baruch's Testimony before the Nye Committee, September 13, 1937.
118 Eustace Mullins, op. cit., p. 176.
119 Ibid., pp. 176-177.
120 See Antony Sutton, Wall Street and the Bolshevik Revolution (Le Retour aux Sources, Aube, 2012) [nde].
121 Ibid., chapter 9.
122 Hearst Magazine, November 1923.
123 Brian Johnson, The Politics of Money (McGraw Hill, New York, 1970), p. 63.
124 The House Stabilization Hearings 0f 1928.
125 See "Milton Friedman, Two lucky people: Memoirs" [nde].
126 Archives of Congress, 1932.
127 Eustace Mullins, op. cit., chapter 12.
128 New York Times, April 20, 1929.
129 Col. Curtis Dali, FDR My Exploited Father-in-Law (Liberty Lobby, 1970).
130 Glyn Davies, op. cit., p. 575.
131 Ibid., p. 377.
132 Newsweek, May 30, 1936.
133 John Maynard Keynes, The Economic Consequences of Peace, (New French Review, Paris, 1920).
134 In English, "Gold Price Suppression" is systematically translated into French as "suppression of the price of gold." In fact, it is about "stifling the rise in the price of gold," by massive short sales of gold, in order to maintain the dollar's role as the world's reserve currency. But China does not see it that way, since it wants to make the renminbi (the yuan), from 2015, a new world reserve currency backed, at least in part, by gold. This certainly explains why China's gold imports are constantly increasing [nde].

135 Alan Greenspan, "Gold and Economic Freedom," 1966, cited in Capitalism: The Unknown Ideal (Signet, 1967).
136 Murray N. Rothbard, Keynes, the Man (Ludwig von Mises Institute, 2010), p. 15.
137 Ibid., p. 25.
138 Ibid., p. 38.
139 Eustace Mullins, The World Order – A Study in the Hegemony of Parasitism (Ezra Pound Institute, Staunton-Virginia, 1985), chapter 3.
140 Ron Chernow, op. cit., p. 328.
141 Ibid.
142 Ibid., p. 351.
143 Ibid., p. 352.
144 [Letter from Roosevelt to Colonel House, after his return from London, November 21, 1933 – ed.] FDR: His Personal Letters (Duell, Sloan and Pearce, New York, 1950), p. 373.
145 Antony C. Sutton, Wall Street and FDR (Arlington House Publishers, 1975), chapter 1.
146 Ibid., chapter 2.
147 Ibid.
148 Ibid.
149 Marjorie Palmer, 1918-1923: German Hyperinflation (Traders Press, New York, 1967).
150 John Maynard Keynes, op. cit. [nde].
151 Glyn Davies, op. cit., p. 512.
152 The Securities Act of 1933; the Stock Exchange Act of 1934 [nde].
153 Ron Chernow, op. cit., p. 357.

Machine Translated by Google

154 Ibid.
155 Ibid., pp. 386-390.
156 The Commercial and Financial Chronicle, May 6, 1948.
157 Gold Exchange Standard = gold exchange standard (international monetary system in which central banks concurrently hold, in public foreign exchange reserves, gold and currencies convertible into gold, but without ensuring internal convertibility – source: former decree of February 18, 1897, published in the Official Journal of April 2, 1987). Dollar Exchange Standard = dollar standard (the new system is a gold exchange standard whose key currency is the dollar. All other national currencies will be convertible into the dollar, itself convertible into gold for non-American residents. Exchange rates will be fixed but within fluctuation margins of ± 1% relative to parity – source: encyclopia universalis). [nde]

158 Antony C. Sutton, Wall Street and the Rise of Hitler (Le Retour aux Sources, Aube, 2012), chapter 10.
159 Testimony before United States Senate, Committee on Military Affair, 1946.
160 Carroll Quigley, Tragedy & Hope (MacMillan, 1966), p. 308.
161 Speech by Louis T. McFadden before the House of Representatives, June 10, 1932, Congressional Archives.
162 Ibid.
163 Antony C. Sutton, Wall Street and FDR, op. cit., chapter 1.
164 Quoted in Patrick J. Buchanan, Churchill, Hitler, and The Unnecessary War: How Britain Lost Its Empire and the West Lost the World (Crown, New York, May 2008), p. xiii. 165 "It is easy to start a war, but very difficult to end it." Napoleon Bonaparte to Ambassador Kurakin in 1811, quoted by Russian historian Oleg Sokolov.
166 Walter Schellenberg, The Schellenberg Memoirs (André Deutsch, London, 1956).
167 Henry Kissinger, op. cit., p. 346.
168 Carroll Quigley, op. cit., pp. 308.
169 Ibid., p. 323.
170 Ted Flynn, op. cit., p. 88.
171 Charles Seymour, Intimate Papers of Colonel House (Houghton Mifflin, 1926), Vol. I, p. 114.
172 George Sylvester Viereck, The Strangest Friendship in History, 1932. [The donkey is the emblem of the Democratic Party – nde]
173 Charles Seymour, op. cit., p. 175.
174 Dan Smoot, The Invisible Government (Dan Smoot Report, 1962).
175 Col. Curtis Dali, op. cit.
176 David Allen Rivera, Final Warning: A History of the New World Order (2004), chapter 5.
177 Chicago Tribune, December 9, 1950.
178 David Allen Rivera, op. cit., chapters 5.
179 Phyllis Ward, Chester Schlafly, Kissinger on the Couch (Arlington House, 1975).
180 Figures from 2013 [nde].
181 Ted Flynn, op. cit., p. 89.
182 Figure from 2006 [nde].
183 In 2005 (last known declaration), the BIS declared that it had 712 tonnes of gold of its own, to which should probably be added the deposits in its custody [nde].
184 Charles Higham, Trading With the Enemy (Robert Hale, London, 1983), p. 6.
185 Ibid., p. 11.
186 Joseph Stiglitz, "The Insider – What I Learned at the World Economic Crisis," in The New Republic, April 17, 2000, p. 56.
187 George Soros, Underwriting Democracy (Public Affairs, New York, 1991), p. 31 [nd].
188 Greg Palast, The Best Democracy Money Can Buy (Robinson, London, 2003), P-154. 189
"IMF riots" or "IMF riots" for those in the know [nde].
190 Garry Leech has explained this mechanism very well in his book Capitalism: A Structural Genocide (Le Retour aux Sources, Aube, 2012) [nde].
191 Greg Palast, "IMF and World Bank meet in Washington – Greg Palast: report on BBC Television's Newsnight," April 27, 2001. [WTO = World Bank Trade – nde]
192 The expression "a pound of flesh" describes a debt that cannot be repaid and appears in Shakespeare's The Merchant of Venice, where the character Shylock, a Jewish usurer, comes to claim his due in this form from Antonio who cannot pay it [nde].
193 John Perkins, Confessions of a Financial Assassin (alTerre, 2005).
194 Bill Clinton, "Acceptance Address at the Democratic National Convention by Governor Bill Clinton of Arkansas," New York – NY, July 16, 1992.
195 Marc Fisher, Washington Post, January 27, 1998. [It will be noted that important heads of state in the Western world are often invited to Bilderberg just before their election. This was the case of Bill Clinton, but also of Barack Obama or Angela Merkel – nde]
196 Pepe Escobar, Bilderberg strikes again, Asia Times Online, May 10, 2005. [These words, reported by Lectures Françaises (July-August 1991 issue), which allegedly obtained the audiotape of this surreptitiously recorded speech, were said to have been spoken by David Rockefeller at the opening of the 1991 Bilderberg conference in Baden-Baden. Since then, this quote has been repeatedly repeated by numerous websites and books denouncing the new world order. However, its authenticity cannot be 100% confirmed. Another quote, this one incontestable and of similar content, appeared in the February 1, 1991, issue of Newsweek magazine, and was reprinted in David Rockefeller's own "Memoirs" (p. 406). She says: "In recent years, there has been a trend in many parts of the world toward the emergence of democracy and the market economy. This has reduced the role of government, and that's something people in business tend to appreciate. But the flip side of that is that someone has to step in and take the place of government, and business seems to me the logical entity to do that." – ed.]

197 Ibid.
198 In 2008, the Bilderberg Group launched a dedicated website (www.bilderbergmeetings.org) in response to the accusations of secrecy against him and now publishes the list of his guests – [nde].
199 William Engdahl, Oil, a Century-Long War: The Anglo-American World Order (Editions Jean-Cyrille Godefroy, 2007), chapter 9.
200 Craig Roberts, JFK: The Dead Witnesses (Consolidated Press International, 1994), p. 3.
201 During his arrest, he allegedly told several police officers that Oswald's death would spare the President's wife, Jacqueline Kennedy, the pain of having to endure the trial of her husband's assassin. But later, he claimed that he had killed Oswald in a fit of madness that occurred at that very moment. Other theories suggest that Jack Ruby, who was Jewish (his real name was Jacob Rubenstein), allegedly shouted to several witnesses "Jews have guts!" (Jews have guts!). Finally, some researchers are convinced that there was a conspiracy and that Jack Ruby killed Oswald on the orders of the Mafia to prevent him from giving names to investigators.
202 Jean Hill, JFK: The Last Dissenting Witness (Pélican Publishing Company, 1992), pp. 113-116.
203 Standard Silver Dollars = the one-dollar silver coins minted by the United States Mint [nde].
204 Federal Reserve Bulletin, April 1963, p. 469.
205 Remarks by President Lyndon B. Johnson at the signing of the Coinage Act, July 23, 1965.
206 Ferdinand Lips, Gold Wars, The Battle Against Sound Money as Seen From a Swiss Perspective (The Foundation for the Advancement of Monetary Education, New York, 2002), p. 52.
207 Ibid., p. 53.
208 Freemarket Gold & Money Report, "Thinking The Unthinkable," April 25, 1994.
209 U.S. Department of State, Foreign Relations of the United States, 1964-1968, Vol. VIII (Government Printing Office, Washington, 1998), documents 187,188,189.
210 Henry Kissinger, op. cit., pp. 607-608.
211 Henry Kissinger, op. cit., pp. 606-607.
212 Jacques Rueff, The Inflationary Impact the Gold Exchange Standard Superimposed on the Bretton Woods System (Committee for Monetary Research and Education, Greenwich, CT, 1975).
213 Donald Hoppe, How to Invest in Gold Stocks (Arlington House, New York, 1972), p. 181.
214 Ibid.
215 Melchior Palyi, "A Point of View," in The Chicago Commercial And Financial Chronicle, July 24, 1969.
216 Ferdinand Lips, op. cit., pp. 76-77.
217 Organization of the Petroleum Exporting Countries. In 1973, it brought together, for the Arab countries, Saudi Arabia, Iraq, Kuwait, the United Arab Emirates, Libya and Algeria, plus the Venezuela, Iran, Indonesia, Nigeria and Ecuador, [nde]
218 John Perkins, op. cit.
219 Ibid.
220 Ernest P. Welker, WHY GOLD?, Economic Education Bulletin (American Institute for Economic Research, Great Barrington, MA, 1981), p. 33.
221 Ferdinand Lips, op. cit., pp. 103-104.
222 Ferdinand Lips, op. cit., pp. 103-106.
223 Eugene Linden, "How to Kill a Tiger," in Time Magazine Asia, November 3, 1997, see. 150, n°18, pp. 26-27.
224 According to the terminology used by Fred Hirsch (principal economic advisor to the IMF from 1966 to 1972) and Paul Volcker (chairman of the Fed Board), in the 1970s [nde].
225 William Engdahl, A Century of War: Anglo-American Oil Politics And The New World Order (Pluto Press, London, 2004), p. 130 226 William Engdahl, ibid.
227 Two Japanese deities, guardians of Buddhist temples and installed on either side of the main entrance [nde].
228 Matti Golan. The Secret Conversations of Henry Kissinger: Step-by-Step Diplomacy in the Middle East (Bantam Books, New York, 1976), cited by William Engdahl, op. cit., p. 136.
229 William Engdhal, op. cit., p. 137.
230 Ibid., p. 140.
231 Ibid.
232 Speech delivered by Paul Volcker at a commemoration of Fred Hirsch at the University of Warwick, Coventry, England, on November 9, 1978. [This passage from the speech, entitled The Political Economy of the Dollar, says exactly this: "I was indeed tempted to take as my text today one of Fred Hirsch's last maxims: 'A controlled disintegration of the world economy is a legitimate objective for the 1980s...'. This sentence captures what seem to me to be the dominant attitudes and practices of most governments in this decade, as they grapple with two essential problems that so bedevil our negotiations and our actions, not only in

Machine Translated by Google

monetary matter, but throughout the entire extent of the international economy." Further, he says: "In theory, a process of disintegration within the industrial world could probably proceed far without causing intolerable damage to our economic well-being. But it is difficult to visualize this process without it also leading to intense competition among developed countries for markets and raw materials. This situation would not be pretty." [nde]

233 William Engdahl, op. cit., p. 189.
234 William Engdahl, op. cit., p. 190.
235 Renamed after the overthrow of Mobutu "Democratic Republic of Congo" [nde].
236 William Engdahl, op. cit., p. 195.
237 Ibid., p. 192.
238 Larry Abraham, The Greening (Second Opinion Pub., Inc., 1993)
239 Quote from News of War and Peace You're Not Ready For, by Herschel McLandress (pen name of Galbraith), (Book World, Washington Post, November 26, 1967, p. 5). [nde]
240 Leonard C. Lewin, Report from Iron Mountain – On the Possibility and Desirability of Peace (Dial Press, 1967). (In French: John Galbraith, Is Peace Undesirable? On the Utility of wars, Calmann-Lévy, 1968.)
241 Ibid.
242 Fourth World Wilderness Congress Conference, Interview with George Hunt: "Beware of Bankers Bringing Gifts."
243 George Soros, The Alchemy of Finance (Valor éditions, Paris, 1998), pp. 411, 412 and 415.
244 Tokyo Stock Exchange Index [nde].
245 William Engdhal, op. cit., pp. 226-227.
246 Ibid., p. 227.
247 Gregory Millman, Vigilante Economies: How Wall Street Shattered Tokyo and London gave Frankfurt Woe (The Alicia Patterson Foundation, 1992).
248 William Engdahl, op. cit., pp. 225-226.
249 A "qualified investor" is an individual authorized by the financial markets regulator (the SEC in the United States or the AMF in France) to invest in complex financial instruments. The criteria are strict and are based on the candidate's knowledge of stock market operations, the volume of transactions they carry out during the year, as well as their financial strength.

250 Although he was cleared by the American authorities of this last accusation, his bank did indeed house funds from the drug trafficking of Panamanian General Noriega (see The Observer, October 29, 2000, "The Strange Case of Edmond Safra") [nde].
251 Gilles d'Aymery, "The Circle of Deception: Mapping the Human Rights Crowd in the Balkans," July 23, 2001.
252 William Engdahl, op. cit., p. 211.
253 David D. Hale. The Weekly Money Report. Chicago, Kemper Financial Services, January 29, 1990, in William Engdhal, op. cit., p. 252.
254 Peregrine Worsthorne, in his editorial entitled "The Good German", Daily Telegraph, July 22, 1990.
255 Statement made by Strobe Talbott at the United States Embassy in Canberra, Australia, on November 6, 1997 [nde].
256 Stanford Journal of East Asian Affairs, Volume 3, No. 1, Spring 2003, pp. 95-96 [nd].
257 Response of the Japanese Prime Minister in February 1998, after a meeting of the Asia-Pacific Economic Forum in Vancouver, to the request made by the United States and Asia to increase Japan's imports from its Asian neighbors, in order to support their incomes [nde].
258 Speech by Mahatir bin Mohamad, The Finance Ministers of Asean and Asean Plus Six And The Conference On Financial Initiatives For The 21st Century, Putra World Trade Center, Kuala Lumpur, December 1, 1997 [nde].
259 Ibid.
260 Ibid.
261 Reuters, December 5, 1997.
262 Irving Fisher, 100% Money (Pickering & Chatto Ltd., Set Only edition, Forward, 1996).
263 That is to say, interest on interest [nde]
264 Sir Josiah Stamp, informal discussion before 150 professors of history, economics, and social sciences at the University of Texas, in the 1920s. Source: The Legalized Crime of Banking, by Silas W. Adams (Meador Publishing Company, Boston, 1958), chapter VII [nde].
265 J. Milnes Holden, The History of Negotiable Instruments in English Law (The Athlone Press, London, 1955), PP – 70-71 [nde].
266 The upper house of the British parliamentary system [nde].
267 Murray N. Rothbard, op. cit., p. 92 268
Modern Money Mechanics, Federal Reserve Bank of Chicago.
269 Cash, coins and Federal Reserve notes, represent only about 10% of the total money supply.
270 The National Debt, Series for economic education, Federal Reserve Bank of Philadelphia.
271 U.S. Treasury Department, OCC's Quarterly Report on Bank Derivatives Activities, Second Quarter 2006.
272 Adam Hamilton (The JPM Derivatives Monster, Zeal Research, 2001).
273 The author, Hongbing Song, wrote these prophetic lines in 2006… [nde].
274 GSE Risks, Federal Reserve Bank of St. Louis, Review, March/April 2005 (vol. 87, no. 2, Part i), p. 85.
275 Fannie Mae, Freddie Mac and the need for GSE reform, now, Office of Federal Housing Enterprise Oversight (OFHEO).
276 Alan Greenspan, Ben Bernanke's predecessor as chairman of the Federal Reserve Board.
277 William Poole, GSE Risks, Federal Reserve Bank of St. Louis, Review, March/April 2005, 87 (2, Part i), p. 88.
278 Ibid.
279 Once again, let us recall that the author wrote these prophetic lines in 2006… [nde]
280 Robert Kiyosaki, "A Taste for Debt," in Yahoo Finance Experts Column, October 27, 2006.
281 Funny money. We could also say "monkey money" [nde]
282 Robert Kiyosaki, "Bet on Cold, Not on Funny Money," in Yahoo Finance Experts Column, July 24, 2006.
283 At a conference organized by the World Gold Council on November 19, 1999, in Paris, Robert Mundell, professor at Columbia University and winner of the 1999 Nobel Prize in Economics, made this remark during the question and answer session after his speech on the international monetary system at the turn of the millennium, in Ferdinand Lips, op. cit., p. 125.
[In 2004, Nicolas Sarkozy, then Minister of Finance, pushed the Bank of France to sell part of its gold reserves. Thus, between 2004 and 2009, France sold 589 tonnes of gold, or one-fifth of its reserves… at the lowest price! – nde]
284 Ferdinand Lips, op. cit, p. 215.
285 Ibid.
286 Puts and calls are reciprocally bets on the fall or rise of a given value, in this case, on gold [nde].
287 Ibid.
288 Gold Antitrust Action Committee [nd]
289 Alan Greenspan, Chairman of the Fed, Congressional hearings of July 24, 1998.
290 John Exter, "The International Means of Payment," in Inflation and Monetary Crisis (ed. GC Wiegand, Public Affairs Press, Washington, DC, 1975), p. 137.
291 Ferdinand Lips, op. cit., pp. 86-87.
292 Paul Samuelson, Economics (McGraw-Hill, New York, 1973), p. 722.
293 BBC News, April 15, 2004.
294 Financial Times, "Going, Going, gold," April 16, 2004.
295 The price of Brent crude was $53.63 per barrel in January 2007. It crossed the symbolic $100 mark in February 2011. In August 2013, it rose to $118.89 per barrel. [nde].
296 A "rep0" whose French legal name is "pension Livré" (delivered pension), is the globally used nickname given in the United States to repurchase agreements, or "repurchase agreements" repurchase agreements or "repo transactions", important financial instruments in the money market (source: Wikipedia) [nde].
297 John Maynard Keynes, op. cit., p. 235.
298 Ayn Rand, Alan Greenspan, op. cit., p. 35.
299 Murray N. Rothbard, The Case Against the Fed (Ludwig von Mises Institute, 1994), pp. 39-40.
300 Ibid., p. 49.
301 Ibid., p. 132.
302 Federal Reserve Board, Financial Flows, July 6, 2007.
303 These are real estate loans where, for a pre-determined period, the borrower only pays interest on the capital. At the end of this period, the borrower can either conclude a Interest-only mortgage, either repay the principal or convert the loan into a conventional mortgage. An interest-only mortgage is a mortgage where, for a period of 5 to 10 years, the borrower only pays the interest, and then, at the end of this period, the loan automatically converts into a conventional mortgage.
304 In 2006, the author, Hongbing Song, was a consultant for Fannie Mae and Freddie Mac. He was therefore familiar with the mechanics of these real estate loans and the enormous risks they entailed. conveyed. What he wrote in 2007 happened exactly as he predicted [nde].
305 In English, Payment Shock [nde].
306 Alan Greenspan, Understanding household debt obligations. At the Credit Union National Association, Governmental Affairs Conference, Washington, DC, February 23, 2004.
307 Alan Greenspan. Joint Economic Committee of the United States Congress, June 9, 2005.
308 Collateralized Debt Obligation.
309 Special Purpose Vehicle (SPV).
310 The CDS was invented by Blythe Masters of JP Morgan in 1994 [nde].
311 Gillian Tett, "Pension Funds left Vulnerable after Unlikely Bet on CDOs," in Financial Times, July 6, 2007.
312 Katie Benner & Adam Lashinsky, "Subprime Contagion?" in Fortune, July 5, 2007, p. 152.
313 Its bankruptcy in 2008 was the prelude to the collapse of risk management in Wall Street investment banks in September 2008 and the subsequent global financial crisis. in 2008 and 2009 [nde].

Machine Translated by Google

314 Jenny Anderson, "Wall Street Pursues Profit in Bundles of Life Insurance," New York Times, September 5, 2009. "The earlier the policyholder dies, the higher the profit." In the example given in Anderson's article, a policyholder will receive, say, $400,000 on a $1 million policy, based on their life expectancy. So, if the investor pays a depressed $100,000 before the individual dies, the profit will amount to half a million dollars.
315 In September 2008, China overtook Japan as the world's largest holder of U.S. debt. The value of U.S. Treasury bonds held by Beijing then amounted to 585 billion dollars, with Japan falling to second place with 573.3 billion dollars [nde].
316 Ferdinand Lips, op. cit., pp. 10-11.
317 Ferdinand Lips, op. cit., p. 10.
318 Ibid., p. 15.
319 The greater fool theory refers to the fact that many people do not view stocks as a representation of discounted cash flows, but as trading instruments. What do cash flows matter if you can sell shares to someone else for a higher price than you paid? Proponents of this cynical approach argue that the profit from a trade is not based on the value of a company, but on the ability to sell the shares to another investor (the fool).

320 The term "macroeconomic control and regulation," or more simply "macroeconomic control" or "macro-control," refers here to the direct intervention of the central government of the People's Republic of China to cool the overheating economy. This policy was first introduced in 1993 by Zhu Rongji, then Premier and Governor of the People's Bank of China. His policies include collective measures to restrict monetary policy, suppress the stock market and real estate, control inflation, lower the supply of raw materials, and reduce domestic consumption. The goal was to achieve a soft landing for an economy that was growing too quickly. Since all of these measures can greatly affect the economy and political stability, macro-control has become a hot topic for economic and political observers in the People's Republic of China (source: Wikipedia). [According to the People's Daily (October 16, 2005), since 2003, perverse factors have emerged in the Chinese economy: investment in fixed assets has run wild, and the supply of coal, electricity, and oil has fallen short of demand. At this critical juncture, the CPC Central Committee and the State Council decided to strengthen macro-control to resolve contradictions within the economy and reduce the impact of disruptive factors. On April 26, 2004, Premier Hu Jintao took a series of macroeconomic control measures and used various economic and legal instruments to control credit and land. The measures adopted have borne fruit, and the means of economic regulation have matured. From the way of regulating the economy to the intensity of the measures taken, the Chinese government has continuously retained the initiative, so that the economy has avoided major fluctuations. The Chinese economy has maintained its stable and rapid development, and the internal engine of economic growth has remained strong – nde]

321 Its price, as of September 6, 2013, was $1,387.50, after reaching a peak of $1,859.50 per ounce on September 9, 2011 [nde].
322 According to the latest data from the World Gold Council, published in August 2013, world gold reserves are distributed as follows: total = 31,910 tonnes; Eurozone = 10,793 tonnes; United States = 8,133 tonnes; Germany = 3,402 tonnes; IMF = 2,847 tonnes; Italy = 2,452 tonnes; France = 2,435 tonnes; China = 1,054 tonnes; Switzerland = 1,040 tonnes; Russia = 775 tonnes; Japan = 765 tonnes; Netherlands = 612 tonnes; India = 558 tonnes; ECB = 5,011 tonnes. [nde]
323 Ferdinand Lips, op. cit., p. 143.
324 At the end of March 2013, China's foreign exchange reserves, the largest in the world, reached a record $3,440 billion. The colossal foreign exchange reserves of the second largest The global economy, which has quadrupled since 2005, reflects the country's external trade imbalance and the inflow of speculative capital into China, where interest rates are higher than in developed economies.
325 Since the beginning of the current international crisis, credit expansion has slowed sharply, or even reversed, in most economies – with the notable exception of China, where has observed a remarkable acceleration since the end of 2008 (BIS, Quarterly Report, December 2009, p. 20) [nde].
326 Cumulative debt, national, businesses and households, 2006 estimate. As of August 2013, according to the Fed, the official national debt of the United States stood at $17 trillion. approximately. To this figure must be added the unfunded debts of public services, such as Medicare and Social Security, as well as that of certain government trust funds and some secret operations of the FED, which would bring this figure, according to the estimate of Professor Lawrence Kotlikoff of Boston University, to 222,000 billion dollars! But that's not all, we must also add household debt, approximately 16,000 billion, that of businesses, approximately 13,000 billion, that of students, nearly 1,000 billion... and above all the potential debt linked to financial derivatives, nearly 600,000 billion dollars! This gives us an apocalyptic potential of 852,000 billion dollars, or 2.79 million dollars per American! [nde]

327 The capital account of a country's balance of payments tracks various financial flows – primarily foreign direct investment (FDI), investment in portfolio (including investments in equity securities) and bank borrowing – which have in common the acquisition of assets of one country by residents of another country. In principle, it is possible to control these flows by subjecting them to restrictions when they pass through official channels. Capital account liberalization generally means the relaxation of restrictions on capital flows across the border of a given country. This normally results in a greater degree of financial integration into the world economy in the form of greater capital inflows and outflows (source: IMF) [nde].
328 The Basel Accords are banking regulatory agreements aimed at guaranteeing a minimum level of capital, in order to ensure the financial soundness of banks [nde].
329 On August 20, 2013, China's State Council approved the People's Bank of China's (the central bank) request to launch a new central bank-led financial coordination mechanism to strengthen financial sector regulation. This new system will involve the chairmen of the CBRC, the CSRC, the CIRC, and the SAFE (the State Administration of Foreign Exchange). The goal is to coordinate monetary and financial supervision policies, promote financial stability, and prevent systemic financial risks.

330 In 2007, China's GDP was $3.28 trillion, compared to Japan's $4.377 trillion. In 2010, China overtook Japan as the second largest economy. world with a GDP of $5,878 billion compared to $5,474 billion. In 2012, China achieved a GDP of $8,227 billion compared to $5,960 for Japan and $15,685 for the United States (source: World Bank) [nde].
331 Since 2008, the situation has changed. Chinese banks have set out to conquer Western markets. After stocking up on raw materials, Africa has become its First playground. We once knew "Françafrique," now we have to reckon with "Chinafrique." In 2008, China's largest credit bank, Industrial & Commercial Bank of China (ICBC), arrived in South Africa and invested $5.5 billion to acquire 20% of Standard Bank, the largest credit institution on the African continent. This precedent now serves as a model for the rapprochement of Western and Chinese banks.